Inside Australian Online Shopping

eCommerce Industry Report

2021

Australia Post

About this report

Welcome to the sixth edition of the Inside Australian Online Shopping Industry Report, an in-depth study into consumer online buying behaviour and trends.

The report has been prepared using 2019 and 2020 deliveries data recorded by the Australia Post Group, unless otherwise stated.

Commentary in this report relating to online shopping is based on an extrapolation of this data. Year-on-year (YOY) growth numbers are based on actual or extrapolated transaction volumes.

For more eCommerce insights, access our monthly market updates at

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Foreword

31 March 2021

Welcome to the 2021 Australia Post eCommerce Industry report.

A year unlike any other before it, 2020 was not only full of tremendous change for how we live, work and interact, it also altered the trajectory of the Australian eCommerce industry.

As social distancing, border closures and lockdowns became commonplace, Australians turned online for the things they needed. And they did so in record numbers with over four in five Australian households (almost 9 million) making an online purchase at some point during the year. Included in that number was more than 1.3 million households that purchased in 2020 that did not buy online in 2019.

This increased engagement resulted in online purchases in 2020 growing by 57% YOY, and Australians spending a record $50.46 billion online.[1] As a percentage of total retail, online sales accounted for 16.3%[2] – a figure we did not expect to see until about 2023. While this sharp acceleration in the eCommerce market brought Australians in line with where our international peers such as the United States and the United Kingdom were pre-pandemic, those markets have now also accelerated, and the Australian market still has some ground to cover.

As local eCommerce grew strongly, significant international disruption led to a contraction in cross-border eCommerce.

Beyond supporting businesses, the local Post Office became more important than ever before; staying open and acting as a vital local hub for Australians, particularly in rural and regional Australia, helping communities stay connected.

Border restrictions, reduced flights and in some instances the closure of some international lanes created an additional barrier for shoppers looking to purchase from overseas, and 'buy local' trends and hashtags gained popularity as shoppers looked to support local businesses through the difficult times.

Though 2020 was a year full of challenges, it was also one brimming with opportunity for Australian retailers. While businesses had to pivot early and quickly change how they continued to serve their customers, research conducted by Deloitte Access Economics found those that invested in eCommerce were significantly buffered from the impacts of COVID-19, limiting overall revenue losses to 7% between March and August 2020.[3]

During the challenges, Australia Post continued to support Australian businesses, and demonstrated agility to help those businesses find new ways to reach their customers.

Whether it was helping a business to scale their operations to meet increased demand, or helping a small business come online for the first time through our MyPost Business platforms, it has been a privilege to use the scope of our national processing and delivery network to deliver for Australia.

Beyond supporting businesses, the local Post Office became more important than ever before; staying open and acting as a vital local hub for Australians, particularly in rural and regional Australia, helping communities stay connected.

As the industry begins to settle and find a new normal, it will be important retailers take the opportunity to re-group and look to the year ahead. I trust business owners can use the insights in this report, in conjunction with the learnings they have gained over the past year, to inform future investment, improve resilience and strengthen their business – ensuring they are well placed to take advantage of future opportunities.

Rodney Boys

Acting Group Chief Executive Officer and Managing Director

Australia Post

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Executive summary

31 March 2021

The events of 2020 and ongoing effects saw a shift in the industry that we could never have foreseen. One thing is clear, the resulting transformation has brought about a significant step-change for eCommerce in Australia.

Last year, 9 million Australian households shopped online – that's 82% of all households. We saw this play out in real-time, and you'll see as you read through this report the exciting implications of this as we plan for the months and years ahead.

At the height of the first COVID-19 wave, the national lockdown saw online purchase growth rise to a level which had not been seen before outside of a key sales period. Then again, during Victoria's second wave, a new record was set eclipsing the initial growth numbers.

These events set a new baseline for the remainder of the year. Although restrictions eased and online shopping activity softened, volumes never returned to the pre-pandemic level. This was evident in November when the combination of the Cyber Sales and people shopping early for Christmas saw the month become the biggest in Australian online shopping history.

Online shopping was initially driven by necessity while bricks and mortar stores were closed, and this habit became ingrained even as restrictions eased. Other factors were also at play, such as social distancing and the shift to working from home, adding to the sustained engagement with online.

> **Each month saw an average of 1 million additional households buying online when compared to 2019. This can be attributed to two key factors: regular shoppers buying more frequently and new shoppers entering the market for the first time.**

More than 1.3 million new households entered the market last year, with the largest cohort of these shopping online for the first time in April. To understand their future buying behaviour, we tracked them through to December. Had they bought online out of pure necessity, or would a pattern start to form? The data revealed that almost half of this new contingent continued to buy online on a frequent basis (in at least three of the months that followed April). Many of the new shoppers had converted into regular shoppers.

The events of 2020 gave rise to a sudden and permanent shift in buyer behaviour. Shoppers' habits have changed and while they are more engaged than ever, they are also more comfortable buying from a broader cross-section of retailers and categories. This poses a question for retailers: how can they improve the experience they deliver for their customers and by extension, continue to be competitive?

In my view, it needs to be a collaborative effort. A seamless end-to-end experience is critical, and the power of partnerships between retailers, supply chains, and delivery partners is even more important, in order to continue meeting the evolving needs of our customers.

Through the early months of 2021 we've continued to see around 5 million households shopping online each month. While the effects of the pandemic may still be felt for some time, business and consumer confidence continues to improve. We've reached a new level, and online has never been more in focus.

Ben Franzi

General Manager,
Parcel & Express Services

Australia Post

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A monumental year of change

The World Health Organisation declared COVID-19 a global pandemic on 11 March 2020.[4]

Within days, the Australian government had introduced measures to slow the spread and by the end of March all Australian states had implemented additional lockdown restrictions to help flatten the curve.[5]

Australian consumers had no choice but to change their shopping behaviours, driving a dramatic shift in online shopping behaviour.

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Phenomenal eCommerce growth

Spending more time at home than ever before, people pulled out phones and laptops to do their shopping.

In Australia, online shopping growth for the 12 months to 31 December topped 57% YOY. In fact, it took just over eight months of online shopping in 2020 to eclipse 12 months' worth in 2019.

More Australians shopped online than ever before in 2020. Around four in five households – that's almost nine million – purchased online at some point during the year. Every month during 2020, an average of around 1 million additional households shopped online compared to 2019.

With all this online activity, purchase volumes soared. Australians spent an incredible $50.46 billion online over the year, up from $32.1 billion in 2019 and accounting for 16.3% of retail spend (excluding cafés, restaurants and takeaway food).[2]

Retail spend

$310.29B
up 9.7% YOY

Online goods spend

$50.46B
up 57% YOY

16.3%

Online share of retail spend in 2020

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The lockdown effect

The first wave: A national lockdown

Australians began living under strict new lockdown rules on Monday 23 March.[5]

With restrictions closing non-essential services like pubs, cinemas and gyms, and with Easter holiday plans cancelled, Australians began shopping online in droves.

Growth for the seven days from Easter Sunday was up more than 135% YOY with all categories performing strongly. Variety Stores (188% YOY) and Home & Garden (177% YOY) were the front-runners.

The number of households shopping online for the month of April grew to a massive 5.2 million, and online goods spend grew by 95% YOY.[1]

Growth following Easter Sunday

All categories
135%

Variety Stores
188%

Home & Garden
177%

The second wave: A look at Victoria

After a brief respite, metropolitan Melbourne and Mitchell Shire went back into lockdown in early July.[5]

At this point, the Australian eCommerce industry started running at two speeds.

By the end of July, Victorian online purchases had grown almost 17% above the state's April peak.

In early August, Victoria entered a state of disaster and Melbourne moved to Stage 4 restrictions,[6] with strict rules to limit the movement of people and a city-wide curfew imposed. Non-essential retailers were forced to close their doors once again, and eCommerce went into overdrive. Record growth of 169.6% YOY was recorded in the state for the month of August, with purchases 21% higher than July. By comparison, national growth in August was 85% YOY.

Subsequent lockdowns: South Australia and New South Wales

As Victorian restrictions gradually eased throughout November, conditions changed in South Australia.

In Adelaide, a COVID-19 outbreak in mid-November prompted a state-wide lockdown[7] which ended up only lasting three days. This, combined with Black Friday and Cyber Monday, saw online purchases grow by 64% YOY in the state that month. In fact, November was South Australia's biggest online shopping month on record, with purchases 25% higher than the previous record set in April.

Around mid-December, a new cluster of COVID-19 cases emerged on the Northern Beaches of New South Wales.

The region went into lockdown just before Christmas, with tight restrictions over the holiday period and lesser restrictions for greater Sydney.[8] Residents heeded advice by avoiding the Boxing Day sales in person and instead heading online. Unsurprisingly, NSW accounted for 34.5% of all online purchases nationally in December – the highest for the state in 2020.

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Shopping frequency

COVID-19 restrictions had a significant impact on how often Australians shopped online.

When comparing purchases made between March and December in 2019 to 2020, the percentage of customers who shopped less than four times reduced. Additionally, the percentage of customers who purchased each week increased in 2020 for the same period, growing from 6% in 2019 to 16%.

Of the 2.3 million low frequency online shoppers who made an online purchase less than four times between March and December 2019...

52%

shopped online more frequently in 2020, and

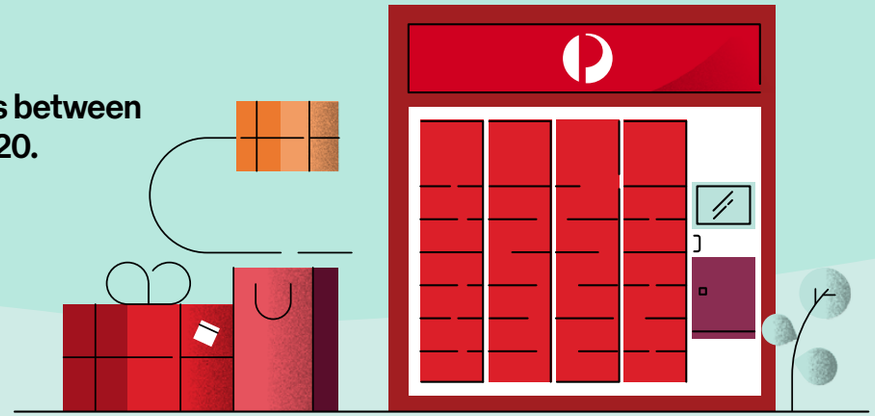
26%

shopped at least 10 times between March and December 2020.

Of the 0.5 million high frequency online shoppers who made an online purchase at least once a week between March and December 2019...

80%

either maintained or increased their online shopping frequency in 2020 (by an average 19.6%).



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Online shopping participation accelerated

In Australia, pre-pandemic predictions for eCommerce in 2020 hovered at around 12-13% of total retail spend. In fact, the online share of retail spend hit 16.3% last year.

This extraordinary growth brought the Australian market into line with other western eCommerce leaders such as the United Kingdom, Denmark and the United States, where on average 15-18% of retail spend was captured online in 2019. That said, compared to Asian countries such as China and South Korea, Australia still lags behind – these nations have an online penetration rate of almost 30%.[9]

While this sharp acceleration in the eCommerce market brought Australians in line with where our international peers such as the United States and the United Kingdom were pre-pandemic, those markets have now also accelerated and the Australian market still has some ground to cover.

eCommerce experienced high growth across both metropolitan and regional areas nationwide.

That said, when it comes to share of online purchases, around seven in ten were made in metropolitan areas, with the remainder spread across regional and remote Australia.

Throughout 2020, three new eCommerce records were set as online shopping accelerated over the year.

In April, online purchases soared 6.8% higher than the previous record online shopping period – the 30 days to 18 December 2019, which encompassed the popular cyber sale events (Black Friday and Cyber Monday), and the pre-Christmas rush.

5.5 mil

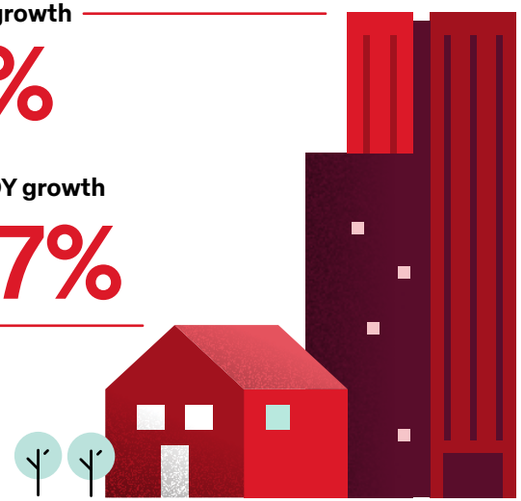
households shopped online in November

Metro YOY growth

60%

Regional YOY growth

50.7%



This record was short-lived. The Victorian lockdown in August triggered another surge in online shopping and pushed purchases 5.4% higher. In the week commencing 16 August, sales events – Afterpay Day and Click Frenzy Sports – drove the largest single week of eCommerce for the year to date.

November was tipped to be the record month of the year, and it didn't disappoint. Many Australians took advantage of the Black Friday and Cyber Monday sales, getting their festive shopping in early. Online purchases for the month grew 55.6% YOY, topping August 2020 by 7%. With many retailers starting sales early, the week commencing 23 November (which included Black Friday) grew 48% YOY. The following week saw online purchases grow 42% YOY, making it the biggest week in Australian eCommerce history.

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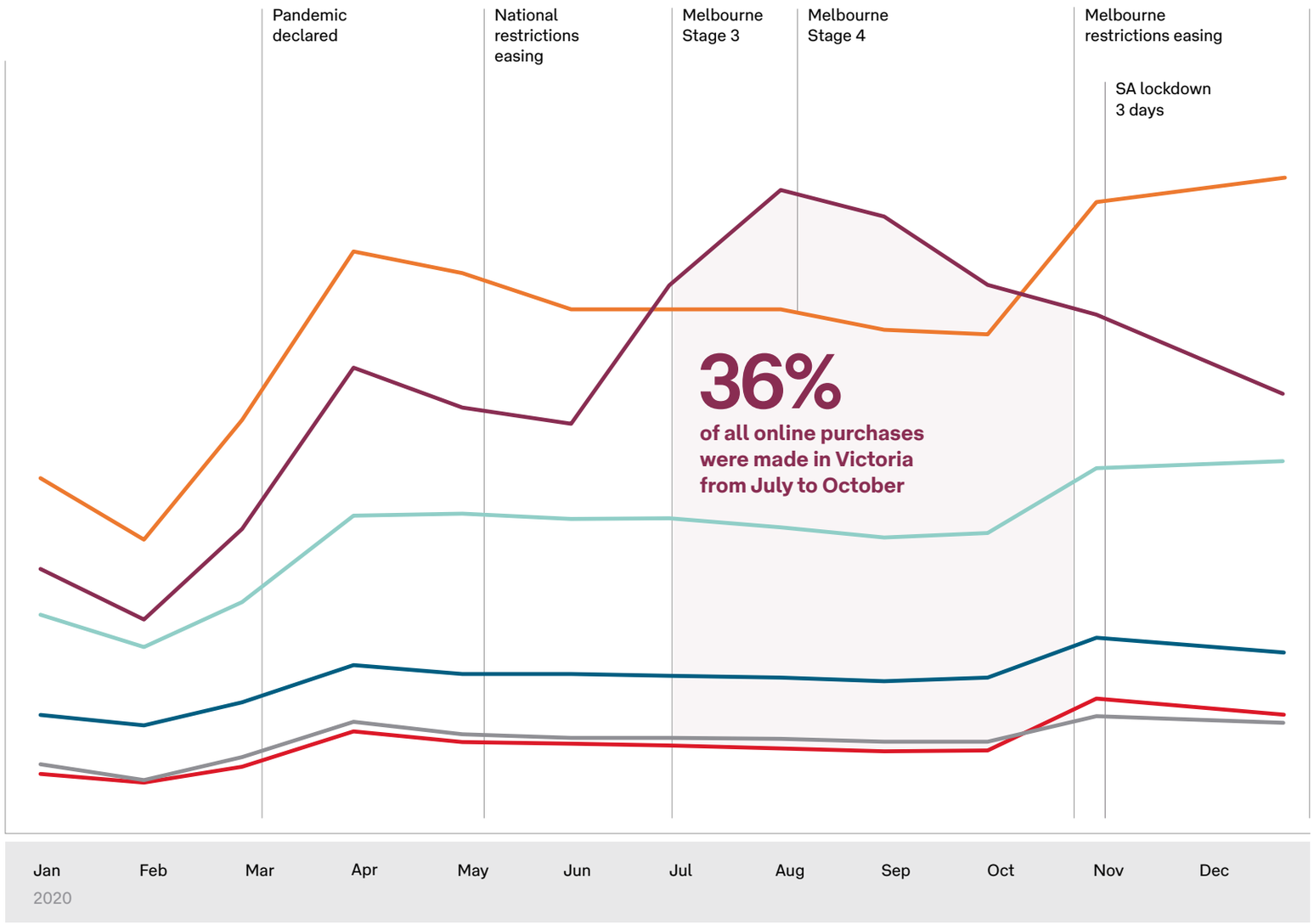
Distribution of online purchases by state and territory



New South Wales
50.5% YOY growth

Victoria
81.9% YOY growth

Queensland
48.3% YOY growth

Western Australia
44.4% YOY growth

South Australia
46.6 YOY growth

Tasmania and the Territories
43% YOY growth

Use our interactive graph to explore percentage of online purchases by state and territory. Visit:

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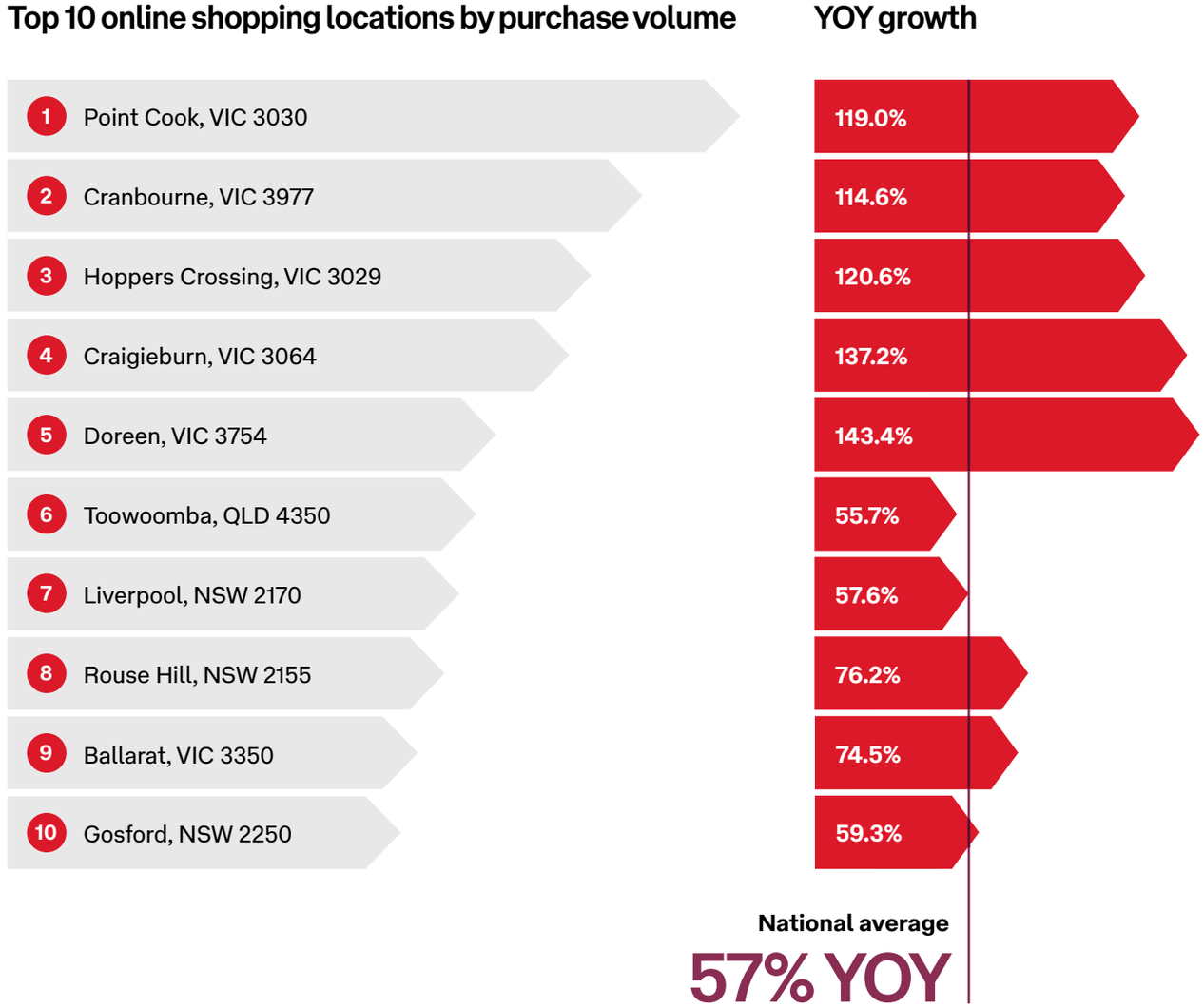
Outer suburbs in Victoria and NSW were home to the biggest online shoppers

Unsurprisingly, six of the top 10 online shopping locations in 2020 were in Victoria, up from just three in 2019. This growth was no doubt driven by the state's COVID-19 restrictions, which saw most retail stores close in metropolitan Melbourne for months.

Point Cook, in Melbourne's west, retained its title as Australia's top online shopping location for the sixth year running, with growth of more than 119% YOY. Two more Victorian suburbs round out the top three, with the south-eastern suburb of Cranbourne a close second, followed by Hoppers Crossing in the outer west. Doreen in Melbourne's north was one of the year's biggest movers, climbing from 18th position to fifth over the course of 2020. These suburbs are in major growth areas, with new housing estates popular among young professionals and families.[10]

In each of the nation's top five postcodes, residents shopped more than twice as much as they did in 2019, with at least 90% of households having shopped online. For the top four locations, online shopping participation increased by five percentage points or more in 2020.



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Sustained participation

The most exciting trend emerging from an extraordinary year of growth in eCommerce was the sustained participation in online shopping.

In many cases, people shopped more online as the year progressed. This indicates that shoppers are becoming more comfortable with using eCommerce for their day-to-day shopping needs.

Overall, four in five (82%) Australian households made an online purchase during 2020, up from 75% in 2019. Regular shoppers – those that shopped in both 2019 and 2020 – began shopping more frequently and from a wider cross-section of retailers.

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Aussies intend to keep shopping online

In the ABS Household Impacts of COVID-19 Survey, a third of respondents indicated they prefer to shop online now more than they did before the pandemic.[11]

These figures are even higher in states that have experienced greater case numbers and tougher restrictions – 43% in Victoria and 35% in New South Wales.

What's more, in a December 2020 Australia Post survey, respondents indicated they are shopping online 55% more than before the pandemic.[12] And, while they expect their online shopping frequency to decrease by about half as the health crisis abates, this is still 28% higher than pre-COVID-19 levels.

These figures suggest that the extraordinary events of 2020 will have a lasting impact on eCommerce in Australia.

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1.36 mil

Aussie households made an online purchase for the first time in 2020

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Australia's new online shoppers

Of the nine million households that bought online in 2020, 1.36 million made an online purchase for the first time.

And of these initial online purchases, more than 93% (1.25 million) took place in the ten months from March to December 2020.

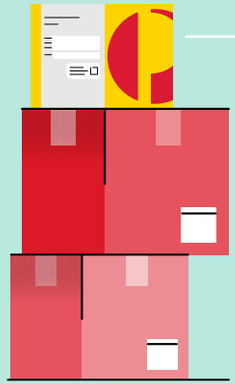
To offer a sense of the Australians who were new to eCommerce in 2020, we've mapped our deliveries data against Roy Morgan's communities.

They mainly fell into the Metrotechs, Doing Fine and Fair Go communities. Drilling down, the dominant Helix personas were Budget Living, Fit and Fab and Relaxed Living.

This group of new shoppers typically come from two distinctly different household types. The first are young and mid-life families, who are on-trend and tech-savvy yet also conscious and pragmatic about what they buy and where their money goes. The second are older households, likely retired and often living more rurally.

Looking at the top postcodes for new shoppers, it comes as no surprise that all but three of the top ten are in Victoria – after all, the state faced far longer and more limiting restrictions than others in 2020.

Average number of online purchases for new online shoppers increased in 2020



2.8 items in December

1.4 items in January

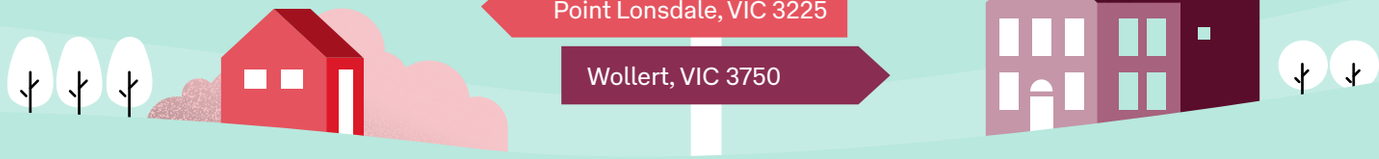
Dominant Helix personas among new online shoppers:

- **Budget Living**
- **Fit and Fab**
- **Relaxed Living**

48%

of new online shoppers made purchases from:

- **Home & Garden**
- **Variety Stores**



Regional

Top 10 online shopping locations by percentage of new shoppers

Major City

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A closer look at April: New online shoppers

While the months following the declaration of the COVID-19 pandemic saw a substantial increase in online shopping, the surge of new online shoppers in April was quite extraordinary.

In fact, more than 240,000 Australian households shopped online for the first time in April. Of these households, 118,000 went on to shop online again in at least three of the remaining eight months of the year, and an average 90,000 returned to shop online every month between May and December.

What's more, these new online shoppers increased their purchase frequency over time, from an average 1.9 times in April to 2.9 times in December. And as they became more familiar with shopping online, their spend diversified across more categories. By December, 22% purchased from three or more specialty retail categories, up from 16% in April.

118k+

of the households new to online shopping in April returned to purchase in at least three of the remaining months in 2020

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Australia's regular online shoppers

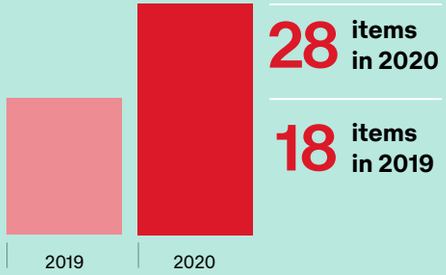
Nationwide, 7.6 million households are considered regular online shoppers (those that shopped in both 2019 and 2020).

On average, around two thirds (63%) of regular online shoppers made at least one purchase every month – up from 45% in 2019. The number who bought at least one item every week more than doubled from 6% in 2019 to almost 16% in 2020.

When mapped against Roy Morgan's communities, these shoppers often fall into the Leading Lifestyles community. The households tend to be professional, and career and family focused. They don't mind splurging on discretionary items, and typically fall into the Bluechip, Visible Success and Self-Made Lifestyles Helixes – a mix of young parents and mid-life families with above-average income who tend to live in their own homes in metropolitan areas.

All but one of the top 10 postcodes for regular shoppers are in metro areas. Secret Harbour in the outer southern suburb of Perth, which took out second position, is the only inner regional postcode. Unlike the new shopper cohort, which mainly hailed from Victoria, the top postcodes for regular shoppers are from all over Australia.

Average number of online purchases by regular online shoppers

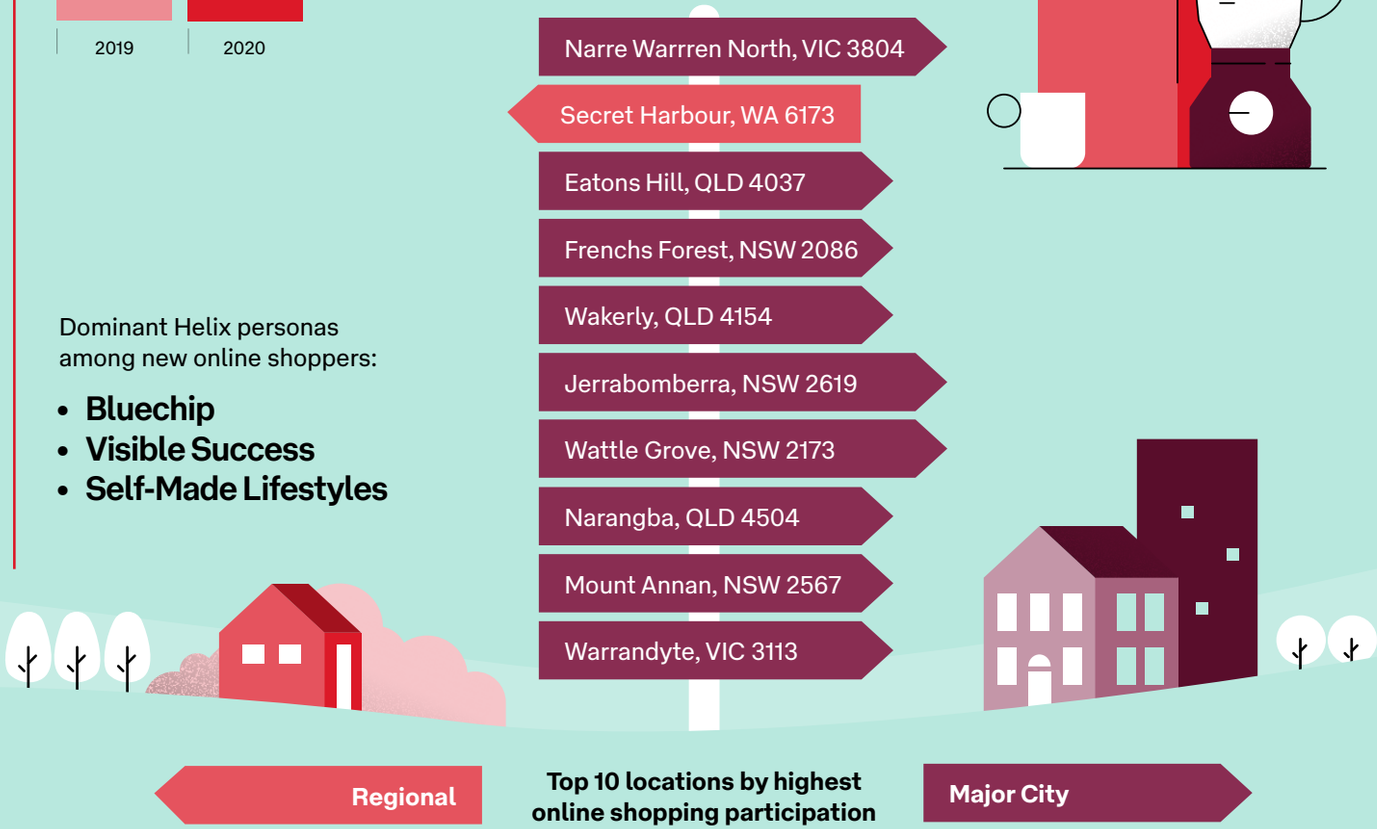


Dominant Helix personas among new online shoppers:

- **Bluechip**
- **Visible Success**
- **Self-Made Lifestyles**

Most popular sub-categories for regular shoppers:

- **Major & Discount Stores**
- **Online Marketplaces**
- **Homewares & Appliances**



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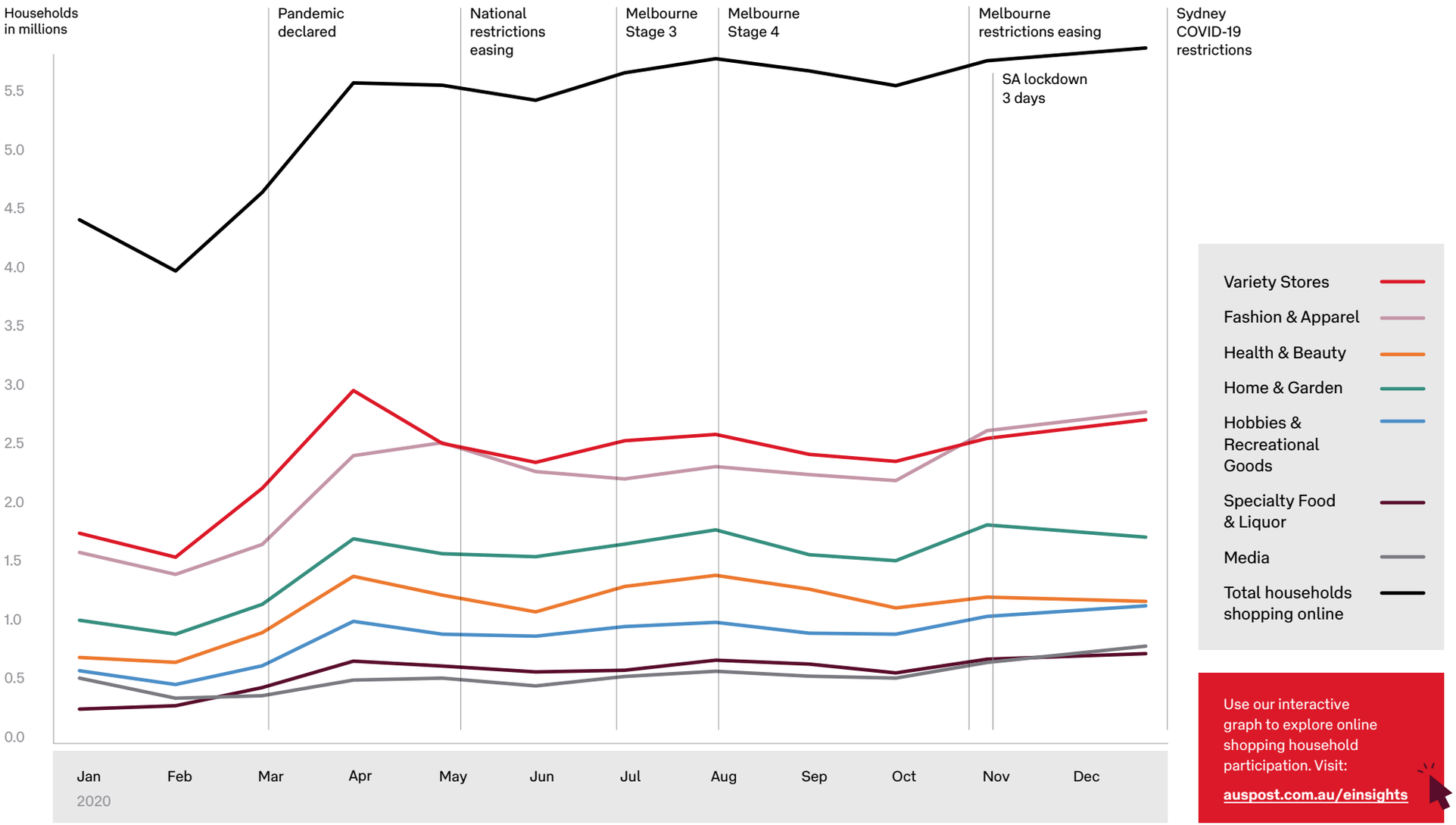
Household participation in online shopping



Use our interactive graph to explore online shopping household participation. Visit:

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International supply chains were disrupted in 2020

By June the impacts of rising COVID-19 cases were being felt worldwide.

Global eCommerce experienced severe delays due to congestion in shipping lanes, disruption of supply chains, and the increase in businesses trading online. Australians once again turned to local retailers, with 57% of shoppers stating they wanted to support local businesses, and 52% stating that delivery from overseas was taking far too long.[13]

At the same time, 73% of small and medium Australian businesses reported having to change how they operate, rethink supply chains and partner with local suppliers. It is expected this local focus will help build resilience, so businesses are better prepared to respond and adapt to future crises and challenges.[14]

Looking forward, a global survey found that 67% of participants agree that, 'In future, I will buy more online from e-retailers based in my country'.[15] This points to resilience in the domestic market. Merchants will be keen to continue capitalising on the increased interest in local goods, and shoppers in turn have discovered the practical and social benefits of buying local.

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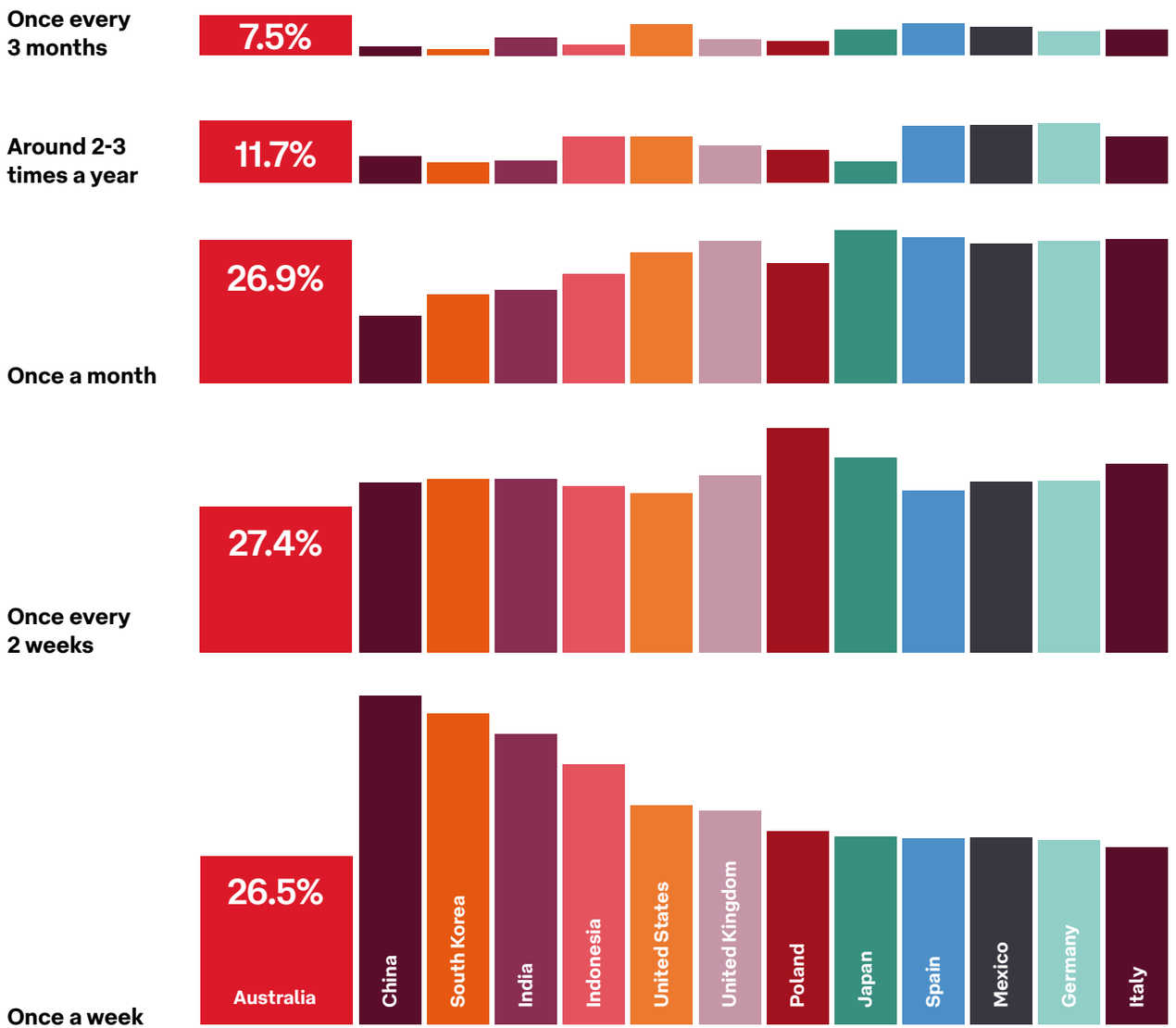
eCommerce across the globe

A study conducted across 25 nations showed those shopping online more than once a week increased by 22% in 2020 on average, up from 17% in 2019.

In Australia, we exceeded this global average with an increase of 27% for the same period. In China, South Korea and India, where eCommerce was already well established, more than 45% of consumers made an online purchase weekly.[15]

Frequency of online shopping by country



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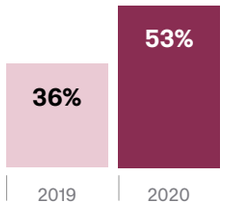
Aussies shopped around

Australians quickly discovered more online options were open to them in 2020. On average, regular online shoppers bought from a broader number of retailers.

Consumers are clearly becoming more comfortable engaging with the vast array of retailers they have at their fingertips – hunting down better prices or offers. They aren't afraid to buy from somewhere new, with survey data showing that in August alone, one in five (22%) online shoppers purchased from a retailer they had never purchased from before.

Percentage of regular shoppers who purchased from more than nine sources



22%

of shoppers purchased from an online store that was **new for them in 2020**[16]

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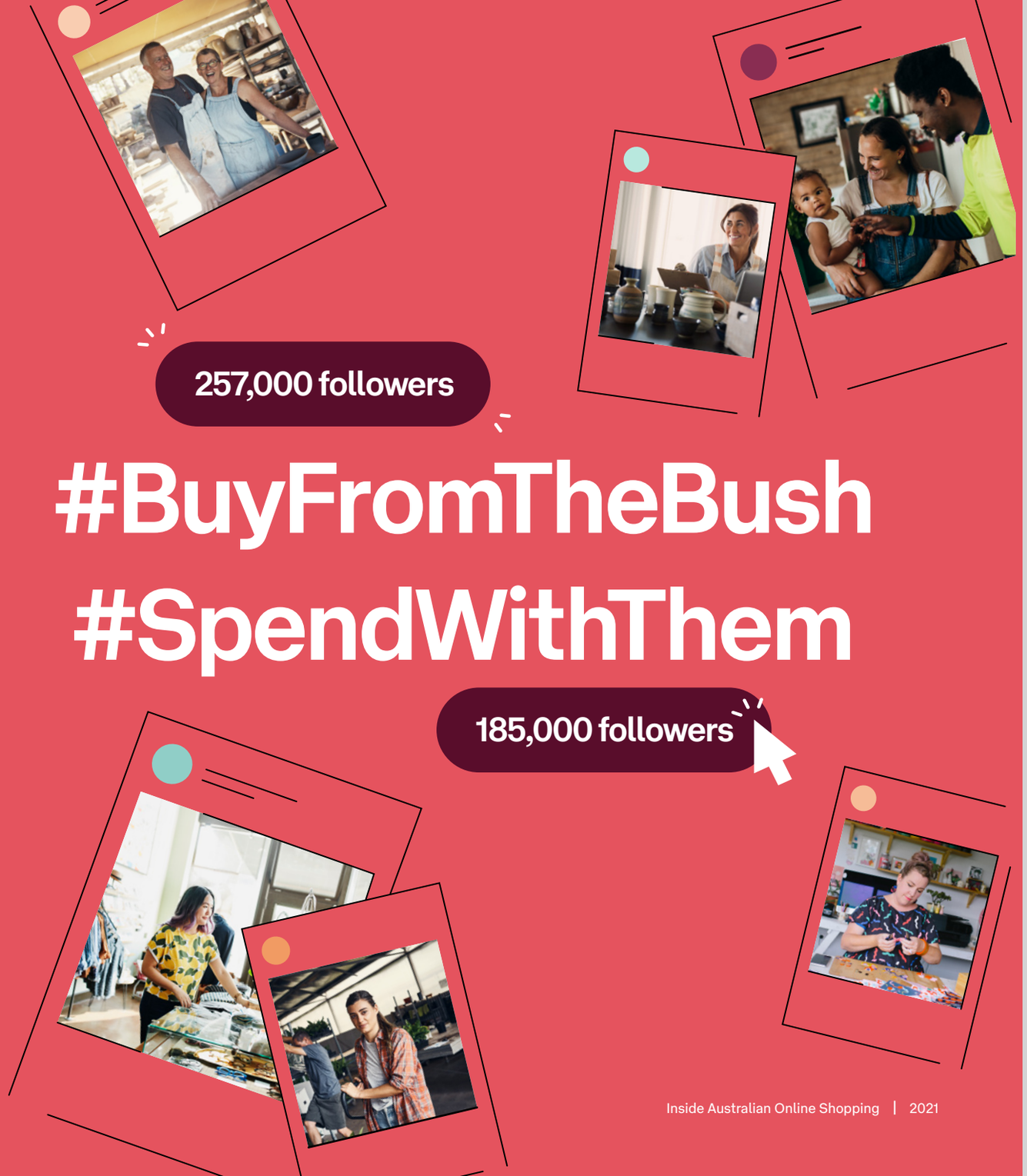
The buy local trend gathered momentum

Natural disasters, economic upheaval and pandemic restrictions raised new challenges for businesses across Australia, particularly those in regional and remote areas.

During summer, Australia was hit hard by devastating bushfires that burned more than 12.6 million hectares.[17] A flurry of support emerged for local communities ravaged by the fires, with donations pouring in. As the crisis passed, attention turned to helping these communities rebuild their homes and reinvigorate the local economy.

There was a noticeable uptake in social media campaigns urging Australians to shop in local communities. For example, Grace Brennan's #BuyFromTheBush campaign delivered $5 million to regional small businesses from its launch in October 2019 (before the fires) to June 2020.[18] Other examples include Turia Pitt's #SpendWithThem, the NSW government's #BuyRegional and Visa's #WhereYouShopMatters. Regional businesses could promote their products for free via these campaigns, most of which are hosted on Instagram.



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During the height of the Victorian lockdown, the State Government launched

#ClickforVic

– a campaign designed to support local businesses.

31,000 posts

57%

of Aussie online shoppers want to support local businesses[17]

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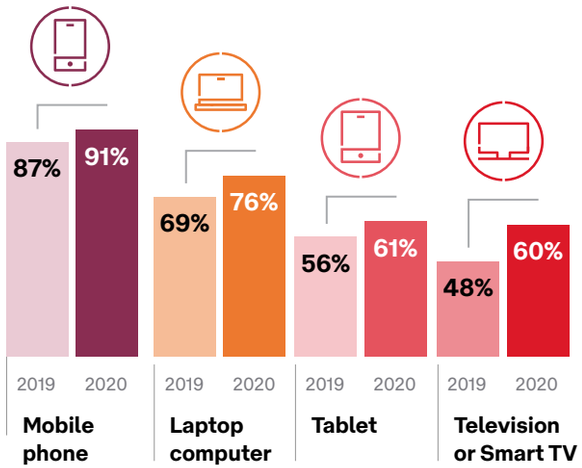
How Aussies buy online

Australians used more devices than ever before to go online. An average of 4.4 devices per adult were used to access the internet in 2020, up from 4.0 in 2019.[19]



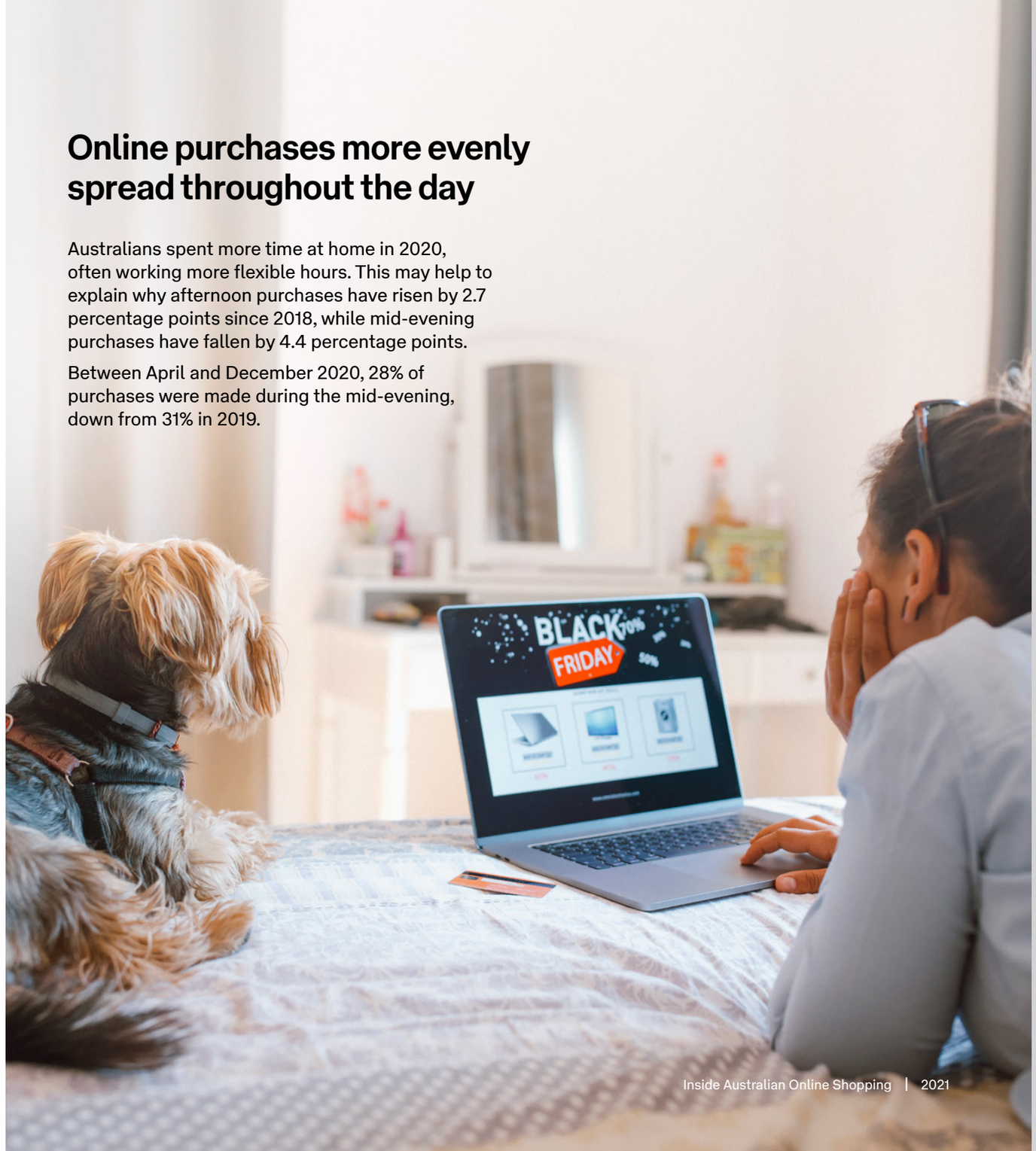
83% **of adult Australians** used the internet for shopping in 2020, up from 78% in 2019*

* Adult internet users in the 6 months to May 2019 and June 2020

Online purchases more evenly spread throughout the day

Australians spent more time at home in 2020, often working more flexible hours. This may help to explain why afternoon purchases have risen by 2.7 percentage points since 2018, while mid-evening purchases have fallen by 4.4 percentage points.

Between April and December 2020, 28% of purchases were made during the mid-evening, down from 31% in 2019.



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Payment methods

Buy Now Pay Later (BNPL) services grew in popularity. Market leader Afterpay recorded a 15% increase in active customers during 2020.[20]

While the number of credit cards on issue declined 9.2% to 18.4 million in November 2020,[21] survey data shows a significant increase in credit card usage for online purchases. In fact, 34% of respondents used a credit card to buy online, an increase of 10 percentage points from 2019.[22] This growth may be linked to the number of new online shoppers in 2020, who may have been less familiar with newer payment options such as BNPL.

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Specialty retail categories

Read on for online shopping trends for six key specialty retailer categories. You'll also discover how Australian retailers have adapted, survived and thrived during an incredible year of change.

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Paul Zahra, CEO of the Australian Retailers Association, reflects on the resilience of Australian retailers in adjusting to the changing needs of consumers.

Retailers felt the full brunt of the pandemic, and experienced a year of enormous challenges as well as opportunities.

We're all looking forward to the rollout of the vaccines providing business certainty and stability, but overnight success is not guaranteed. The economic climate is still a challenging one for many retailers, with JobKeeper coming to an end and international border restrictions still in place.

Overall, retail sales in recent months have been incredibly strong but it doesn't paint a complete picture of what the sector is going through. Travel retailers, like those at airports and retailers of both goods and services in CBD locations are struggling and are preparing to shed thousands of jobs post JobKeeper. These businesses are in crisis – some have lost 90% of their revenue since the pandemic started and face a long road back. The Australian Retailers Association (ARA) continues to advocate strongly to the Federal Government for there to be ongoing targeted support to help these deeply affected businesses.

At the other end of the scale, many retailers have done incredibly well through COVID-19, including those in household goods. With so many of us confined to our homes during the pandemic, and now choosing to work flexibly, people have invested in household items like new furniture or office and tech equipment.

The latest ABS figures show a 20% YOY increase in household goods in January, and it's far outperforming the other retail categories. That spike is reflected in the half-year profit results some of the big retailers have reported recently and some businesses have even paid back the JobKeeper wage subsidy, given their success during the pandemic.

More than 5.2 million households made an online purchase in January – a 25% increase on the same time last year.

> **You only have to look at Australia Post's data and insights to see how the dynamic has shifted.**

With the incredible growth of online sales, and the move towards data-rich decision making and artificial intelligence, future skills in retail are becoming more science based.

Having said that, brick and mortar stores still have an important role to play – it's where the bulk of retail sales still occur – so store managers, sales assistants and the like are still in-demand roles.

> **Due to COVID-19, we've seen about ten years' worth of trends in ten months – this is phenomenal!**

Hence, we expect to see retailers continue to reduce their physical footprint and invest heavily in digital.

Overall, retailers are approaching 2021 with fresh optimism. Our priority as Australians needs to be on ensuring no one is left behind in our economic recovery.

The Australian Retailers Association is Australia's largest retail association, representing a $340 billion sector employing more than 1.2 million people. The ARA works to ensure retail success by informing, protecting, advocating, educating and saving money for its 7,500 independent and national retail members.

To become a member, visit www.retail.org.au

Australian Retailers Association

Paul Zahra

Chief Executive Officer

Australian Retailers Association

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Variety Stores

In terms of share of online purchases, Variety Stores were the clear winners in 2020 and captured 33% of the eCommerce market.

Category YOY growth

51.1%

Throughout 2020, many Australians turned to online marketplaces to purchase everything from appliances and fashion to toys and homewares.

Tim MacKinnon shares eBay's insights into the changing needs of the nation through the goods they were purchasing.

Tim MacKinnon
Managing Director & VP
eBay
Australia and New Zealand

At a time of uncertainty, Australians were relying on online marketplaces like eBay to get what they needed.

Nobody knew how consumers would respond when we first entered this crisis, however eBay Australia saw an extra million monthly visitors during 2020, bringing the total average to 12 million unique visitors.

These spikes in visitor levels are normally reserved for the weeks leading up to Christmas, but the busiest day of 2020 occurred in April. eBay saw another significant rise in visitors during July when Melbourne went into its second lockdown. Smaller increases were also seen as a result of snap lockdowns in various states.

eBay research shows 58% of people felt safer shopping online than in-store, and the increase in online shopping was largely driven by people having more time to browse (75%) and being at home to collect deliveries (75%). Australians also noted the financial benefits of online shopping, with 80% saying they can find better deals and save money.

Shopping behaviour reflects how Australians were feeling through the different phases of the pandemic.

eBay saw a significant rise in sales of puzzles and video games, and shoppers bought four times as much running, yoga and training equipment than they had the previous year. Bike accessories more than doubled mid-year before spiking again in November.

Face mask sales were up more than 700,000% in March (not a typo), spiking again in July when Melbourne went back into lockdown.

Consumer expectations are on the rise, and we will see more people launching online businesses. Much of what we're seeing today is just the very beginning of the next reinvention of retail, and we expect to see elevated eCommerce levels for the foreseeable future.

Explore eBay's insights and what these mean for the future of eCommerce in their report 'Lockdown: One Year On'.
www.ebayinc.com/lockdownreport

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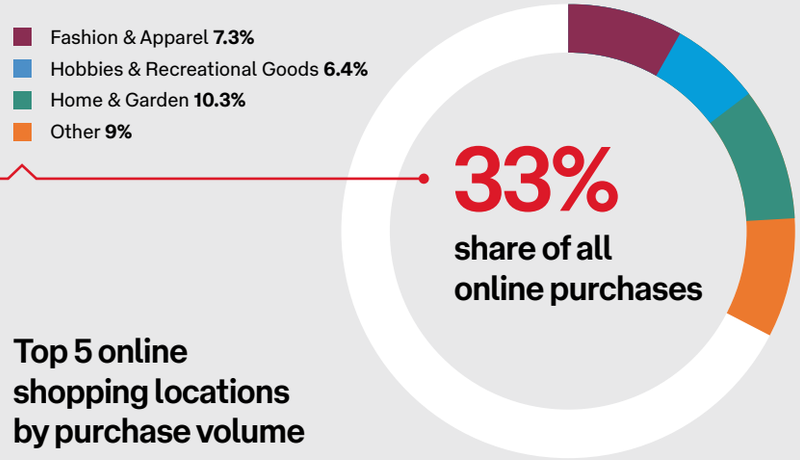
Variety Stores 2020
eCommerce snapshot

6.8 mil

households purchased online from Variety Stores in 2020



Top 5 online shopping locations by purchase volume

	YOY growth
Point Cook, VIC 3030	115.1%
Hoppers Crossing, VIC 3029	114.3%
Cranbourne, VIC 3977	98.7%
Craigieburn, VIC 3064	126.3%
Doreen, VIC 3754	168.6%

State YOY growth

Victoria	77.6%
Australian Capital Territory	48.7%
New South Wales	46.1%
Tasmania	40.6%
South Australia	38.5%
Queensland	38.2%
Western Australia	36.1%
Northern Territory	20.5%

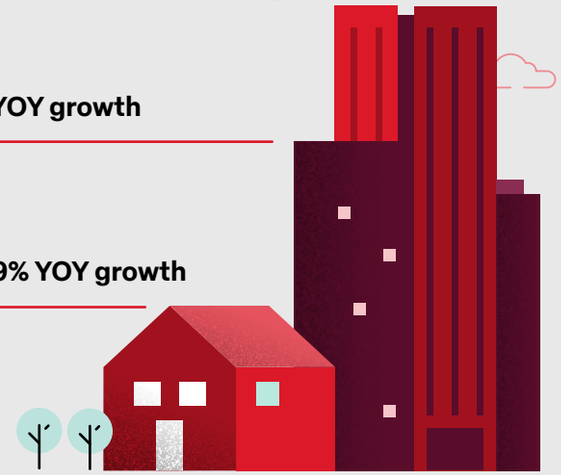
National YOY growth

51.1%

vs 57% YOY across all categories

Metro areas **54.1% YOY growth**

Regional areas **43.9% YOY growth**



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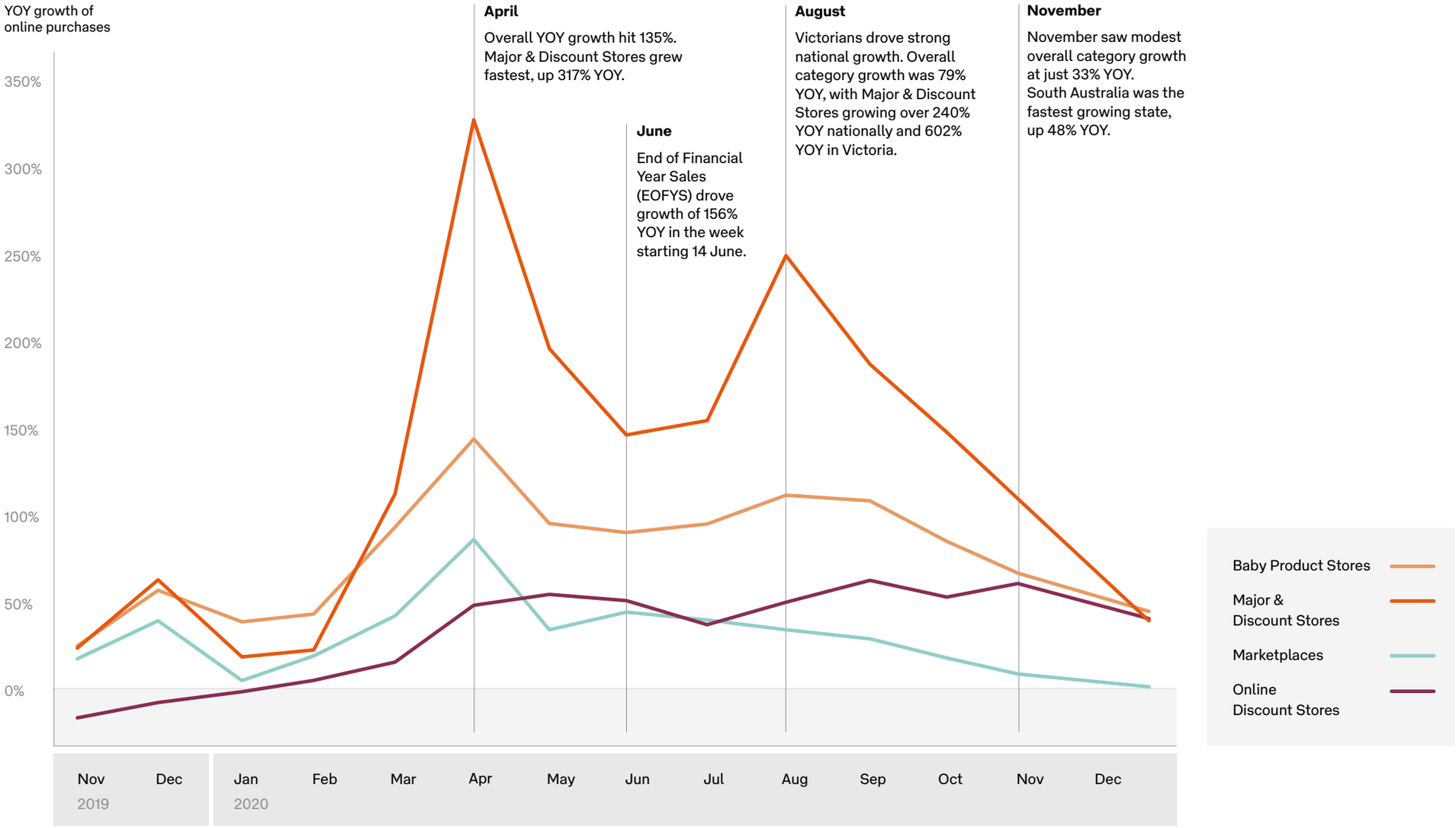
eCommerce YOY growth



April

Overall YOY growth hit 135%. Major & Discount Stores grew fastest, up 317% YOY.

June

End of Financial Year Sales (EOFYS) drove growth of 156% YOY in the week starting 14 June.

August

Victorians drove strong national growth. Overall category growth was 79% YOY, with Major & Discount Stores growing over 240% YOY nationally and 602% YOY in Victoria.

November

November saw modest overall category growth at just 33% YOY. South Australia was the fastest growing state, up 48% YOY.

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Fashion & Apparel

The Fashion & Apparel category came in second behind Variety Stores in 2020 – capturing 25.9% of the eCommerce market. If you add fashion purchases from Variety Stores, the category rises to 33.3% share.

Category YOY growth

45.5%

When pandemic restrictions impacted retailers' foot traffic and even forced them to close stores, attention shifted to connecting with customers online.

Cue Clothing's Shane Lenton shares how their new online styling service is driving up online conversion rates and order values.

CUE

Shane Lenton
Chief Information Officer
Cue

At Cue Clothing, we've worked hard over the past few years to ensure customers can shop our entire range from an online experience. We call this the 'Endless Aisle' because it removes out of stock frustrations for online or in-store shoppers by fulfilling a purchase from any location, regardless of the order touchpoint.

As a result, when we had to close some of our stores during lockdown, we were quickly able to turn them into 'dark stores' for online order fulfilment. This helped keep our retail staff working and our local manufacturers in business.

As one of Australia's largest local fashion manufacturers, we were also able to adjust our styles quickly to meet the needs of the time. Our customers may have been working from home, but they still wanted to wear something great while on a Zoom call!

Our virtual stylist experience is the culmination of years of tech investment.

With so many people stuck at home, we quickly saw the need to deliver a more personalised online shopping experience. Even before the pandemic, we had been preparing to offer a virtual styling service, so we accelerated its launch. There was great uptake immediately, with incredible social engagement around the initiative. Sessions immediately booked out weeks in advance and we're still seeing conversion rates consistently over 60%, with average transaction values over five times higher than normal.

Post-lockdown life has shown that customers continue to value these reliable and convenient connection points. While there may be some calibrations, the more personalised shopping experience – whether it be in-store or online – I think it's here to stay.

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Fashion & Apparel 2020
eCommerce snapshot

- Fashion & Apparel **25.9%**
- Variety Stores **7.7%**

5.9 mil

households purchased online from Fashion & Apparel retailers in 2020

Top 5 online shopping locations by purchase volume

	YOY growth
Point Cook, VIC 3030	**92.9%**
Cranbourne, VIC 3977	**95.2%**
Hoppers Crossing, VIC 3029	**89.9%**
Toowoomba, QLD 4350	**51.0%**
Craigieburn, VIC 3064	**102.5%**

State YOY growth

Victoria	**65.8%**
Tasmania	**42.3%**
Queensland	**40.5%**
Western Australia	**39.3%**
South Australia	**38.6%**
New South Wales	**36.9%**
Australian Capital Territory	**35.2%**
Northern Territory	**36.9%**

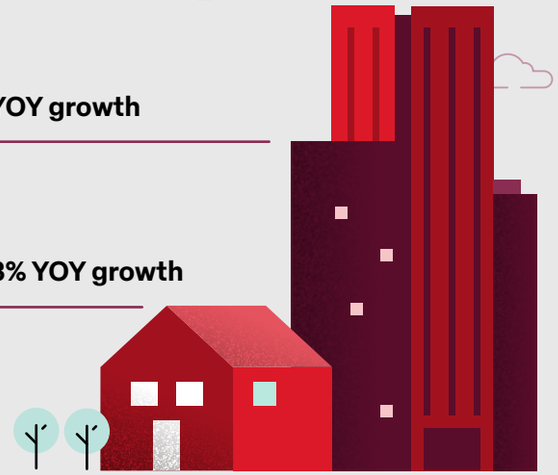
National YOY growth

45.5%

vs 57% YOY across all categories

Metro areas **46.1% YOY growth**

Regional areas **44.3% YOY growth**



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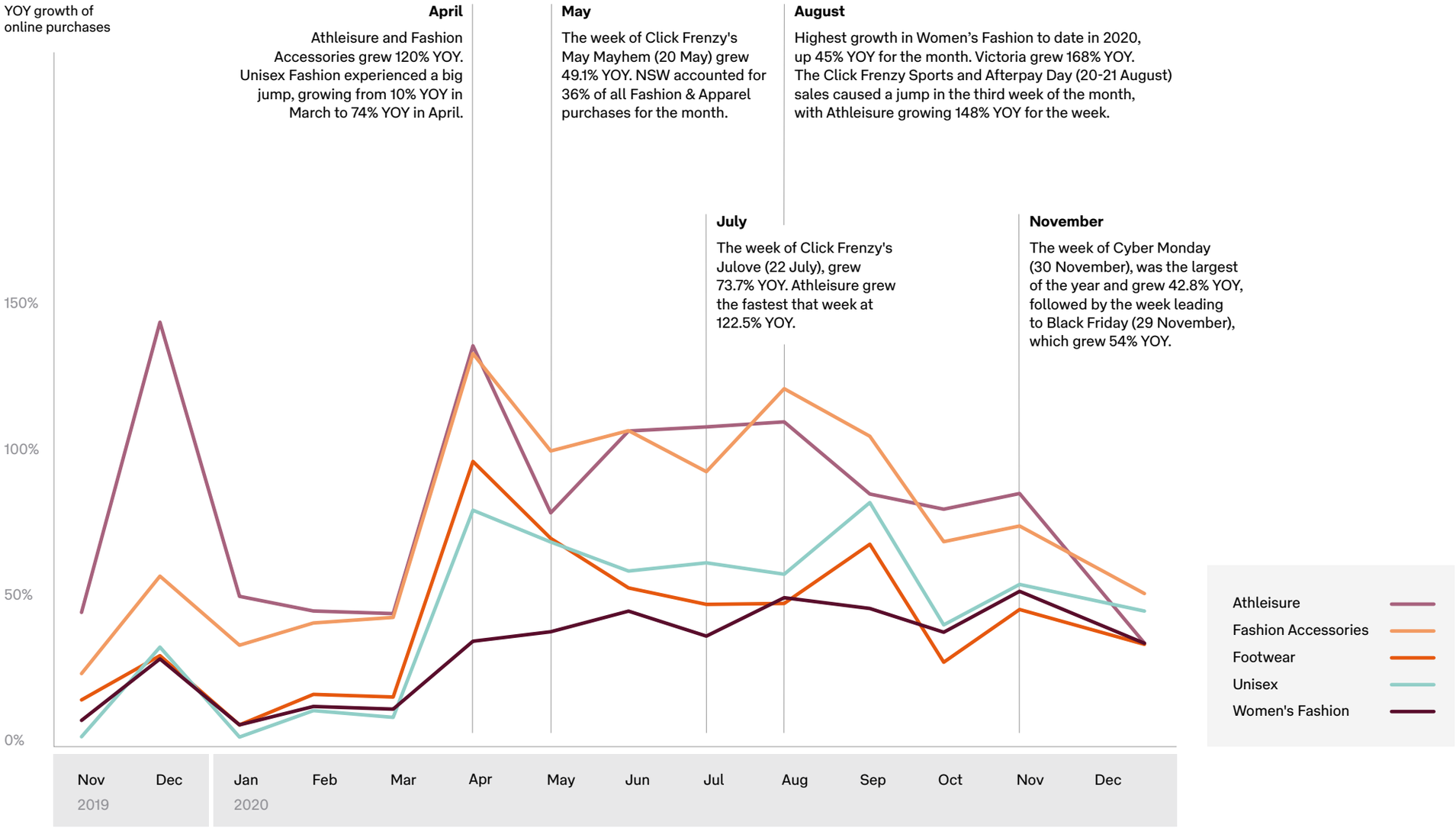
eCommerce YOY growth


YOY growth of online purchases
April
Athleisure and Fashion Accessories grew 120% YOY. Unisex Fashion experienced a big jump, growing from 10% YOY in March to 74% YOY in April.
May
The week of Click Frenzy's May Mayhem (20 May) grew 49.1% YOY. NSW accounted for 36% of all Fashion & Apparel purchases for the month.
August
Highest growth in Women's Fashion to date in 2020, up 45% YOY for the month. Victoria grew 168% YOY. The Click Frenzy Sports and Afterpay Day (20-21 August) sales caused a jump in the third week of the month, with Athleisure growing 148% YOY for the week.
July
The week of Click Frenzy's Julove (22 July), grew 73.7% YOY. Athleisure grew the fastest that week at 122.5% YOY.
November
The week of Cyber Monday (30 November), was the largest of the year and grew 42.8% YOY, followed by the week leading to Black Friday (29 November), which grew 54% YOY.
150%
100%
50%
0%
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2019
2020
Athleisure
Fashion Accessories
Footwear
Unisex
Women's Fashion

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Home & Garden

The Home & Garden category took out third place for share of online purchases, at 12.6%.

A further 10.3% of all online purchases were Home & Garden goods bought through Variety Stores.

Category YOY growth

69.6%

Spending more time at home than usual, 2020 saw Australians settle into routines that involved more home cooking and gardening.

Stephen Smith, GM Supply Chain and Store Operations at Kitchen Warehouse, explains what Australia's cooking renaissance meant for the omnichannel retailer.

Kitchen Warehouse

Stephen Smith

GM Supply Chain and Store Operations

Kitchen Warehouse

At Kitchen Warehouse we want to be the one-stop shop for Australian's cooking and entertaining needs. This means delivering a world-class experience and offering the largest range of quality products. I guess you could call us the Bunnings of kitchenware!

We are a family run business and the owners have a heritage in the service and hospitality industry. About 20 years ago they began with one retail store and grew from there. In 2016, the business merged with the established online company, Kitchenware Direct, run by family member and now CEO Peter Macaulay – with the purpose of strengthening our offer to consumers as an omnichannel retailer and expanding nationally.

On top of strong organic growth in retail we have plans to keep opening new store sites across the country. This will only bolster strong online growth as physical retail provides for greater brand exposure and helps build trust in our brand. Stores provide an avenue for easy returns of online purchases, strengthening our offer through in-demand services such as click and collect. Being an omnichannel retailer certainly gives us a competitive edge.

We were in peak season mode from March onwards, as Australians embraced cooking at home. To support this increase in demand we were able to pivot and utilise stores to fulfil online orders. This was an initiative we had earmarked for calendar year 2020 but were able to turn around what would have been a four-month project in the space of four weeks. There's a lot of moving pieces in there from the sorting of order allocation and WMS logic, to new workflow processes in-store, and additional logistics services. Australia Post supported this effort by activating 14 additional collection points for our parcel service. This enabled us to ramp up our throughput and keep customers happy by avoiding major despatch and shipment delays.

> **When COVID hit there was definitely a fear of the unknown around how we would be impacted but in reality, we saw a sharp uptick in sales.**

It's been very successful. We've certainly seen some reduction in freight costs but also some real wins in terms of customer experience. There's more work to be done here although we have seen that fulfilling orders from locations nearer to our customers reduces order turnarounds by several days. Customers are loyal to brands that deliver the right experience. Being able to innovate and form the right partnerships, I believe has not only allowed us to acquire new customers over this period but retain them into the future.

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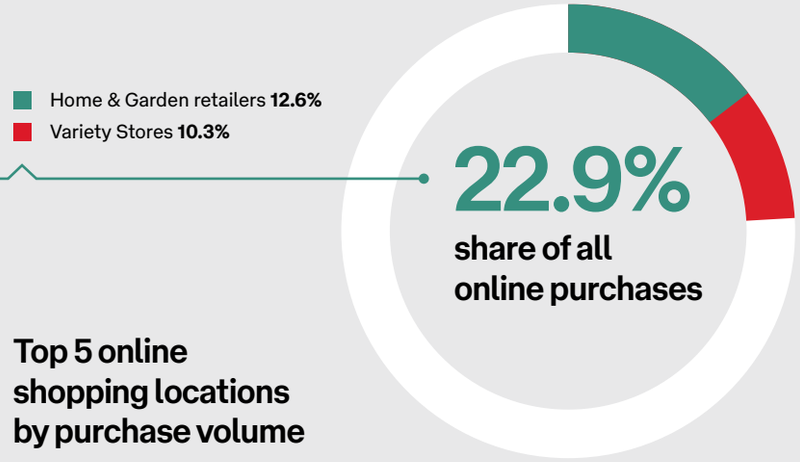
5.4 mil

households purchased online from Home & Garden retailers in 2020



Top 5 online shopping locations by purchase volume

	YOY growth
Point Cook, VIC 3030	143.8%
Cranbourne, VIC 3977	148.6%
Hoppers Crossing, VIC 3029	144.6%
Toowoomba, VIC 4350	71.8%
Craigieburn, VIC 3064	180.5%

State YOY growth

Victoria	101.4%
New South Wales	63.8%
Australian Capital Territory	63.1%
Queensland	58.1%
Tasmania	57.2%
South Australia	54.2%
Western Australia	46.1%
Northern Territory	31.7%

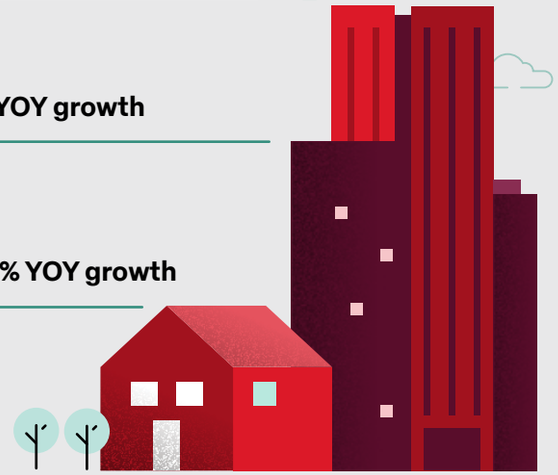
National YOY growth

69.6%

vs 57% YOY across all categories

Metro areas **76.3% YOY growth**

Regional areas **57.2% YOY growth**



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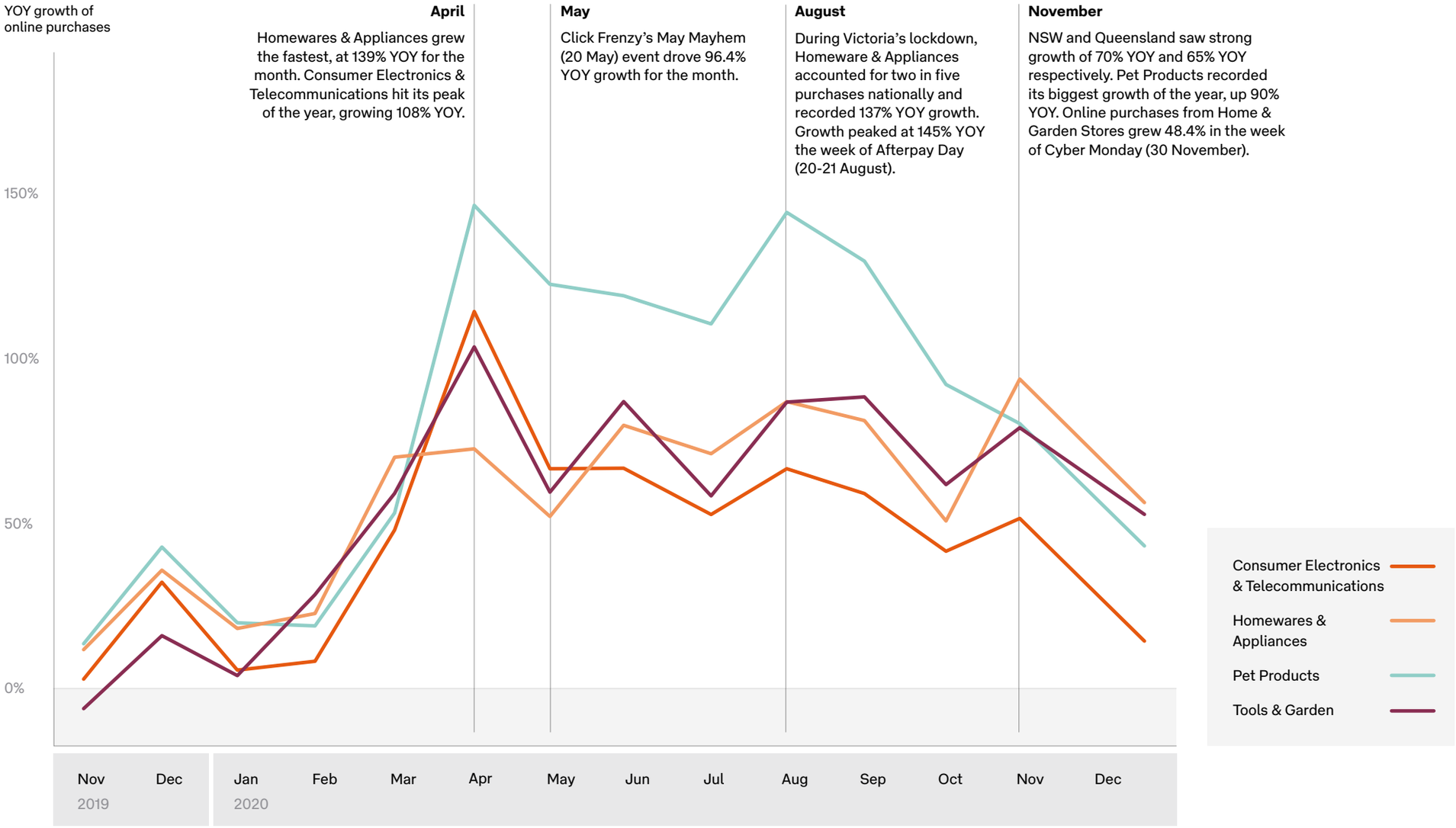

April

Homewares & Appliances grew the fastest, at 139% YOY for the month. Consumer Electronics & Telecommunications hit its peak of the year, growing 108% YOY.

May

Click Frenzy's May Mayhem (20 May) event drove 96.4% YOY growth for the month.

August

During Victoria's lockdown, Homeware & Appliances accounted for two in five purchases nationally and recorded 137% YOY growth. Growth peaked at 145% YOY the week of Afterpay Day (20-21 August).

November

NSW and Queensland saw strong growth of 70% YOY and 65% YOY respectively. Pet Products recorded its biggest growth of the year, up 90% YOY. Online purchases from Home & Garden Stores grew 48.4% in the week of Cyber Monday (30 November).

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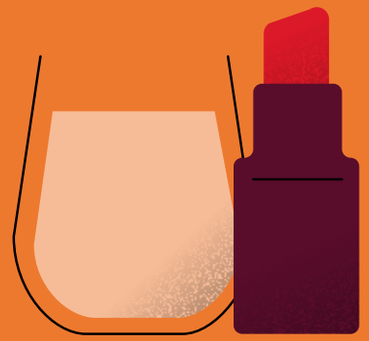
Health & Beauty

The Health & Beauty category captured the fourth largest share of online purchases, at 9.4%.

Category YOY growth

56.8%



When the pandemic hit, Oz Hair & Beauty experienced a sudden increase in sales, as Australians flocked to the internet for products that would help them look and feel their best.

Oz Hair & Beauty's Anthony Nappa discusses the value of transparent communication in managing customer expectations during the busiest of times.

OZ HAIR & BEAUTY

Anthony Nappa
Managing Director
Oz Hair & Beauty

Oz Hair & Beauty started life as an eBay store, selling hair care products for my parents' hairdressing salons. Over the past nine years, we've shifted to an eCommerce model and now provide Australians with a range of hair care, skin care, fragrances, and self-care products.

Our business really took off in April, just after the country went into lockdown. We were very lucky; we'd actually moved into a bigger warehouse just two months before COVID-19 hit, which meant we had enough room for stock, and to employ more staff. We hired warehouse workers to help with all the packing and logistics, and customer service agents to assist with all the orders, inquiries and traffic to the website.

If March was busy, things really went gangbusters in April when the whole country was locked down. That was our biggest peak in sales.

It's not at all surprising, but 'self care' was one of the biggest trends we saw through that period. People were buying products to help them relax at home, like scented candles, face masks and hair masks. The other big seller was detergent. I didn't realise we even sold detergent until it was our top-selling product!

Throughout 2020, we noticed our customers becoming more patient – there were obviously delays with getting stock delivered due to COVID-19 restrictions, supply chain disruptions and the sheer volume of people shopping online. We were very transparent in communicating those challenges to our customers.

Australia Post also helped with managing delivery expectations, explaining that there were fewer planes in the air, and many more orders to be delivered, so delays should be expected.

The more people shop online, the faster they expect their goods to be delivered. You don't want to overpromise, but it's so important to keep improving, and try to meet those expectations as best you can.

> **Our biggest learning from the past 12 months is that we have to become more efficient.**

COVID-19 definitely helped us accelerate some of those systems that would have happened over the next few years.

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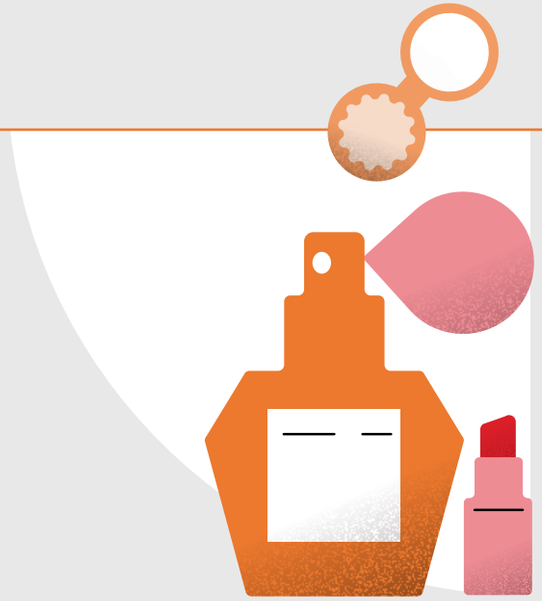
4 mil

households purchased online from Health & Beauty retailers in 2020



Health & Beauty **9.4%**

Top 5 online shopping locations by purchase volume

Point Cook, VIC 3030	**123.0%**
Cranbourne, VIC 3977	**120.6%**
Hoppers Crossing, VIC 3029	**134.4%**
Craigieburn, VIC 3064	**155.0%**
Toowoomba, QLD 4350	**53.6%**

YOY growth

State YOY growth

Victoria	**85.8%**
New South Wales	**51.1%**
Queensland	**48.0%**
South Australia	**44.7%**
Australian Capital Territory	**41.7%**
Tasmania	**41.3%**
Western Australia	**38.1%**
Northern Territory	**27.7%**

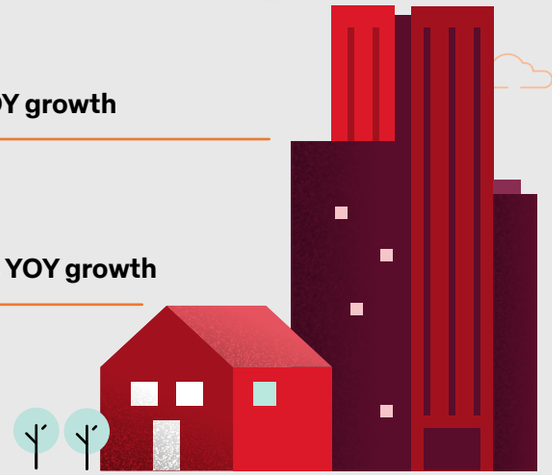
National YOY growth

56.8%

vs 57% YOY across all categories

Metro areas **61% YOY growth**

Regional areas **47% YOY growth**



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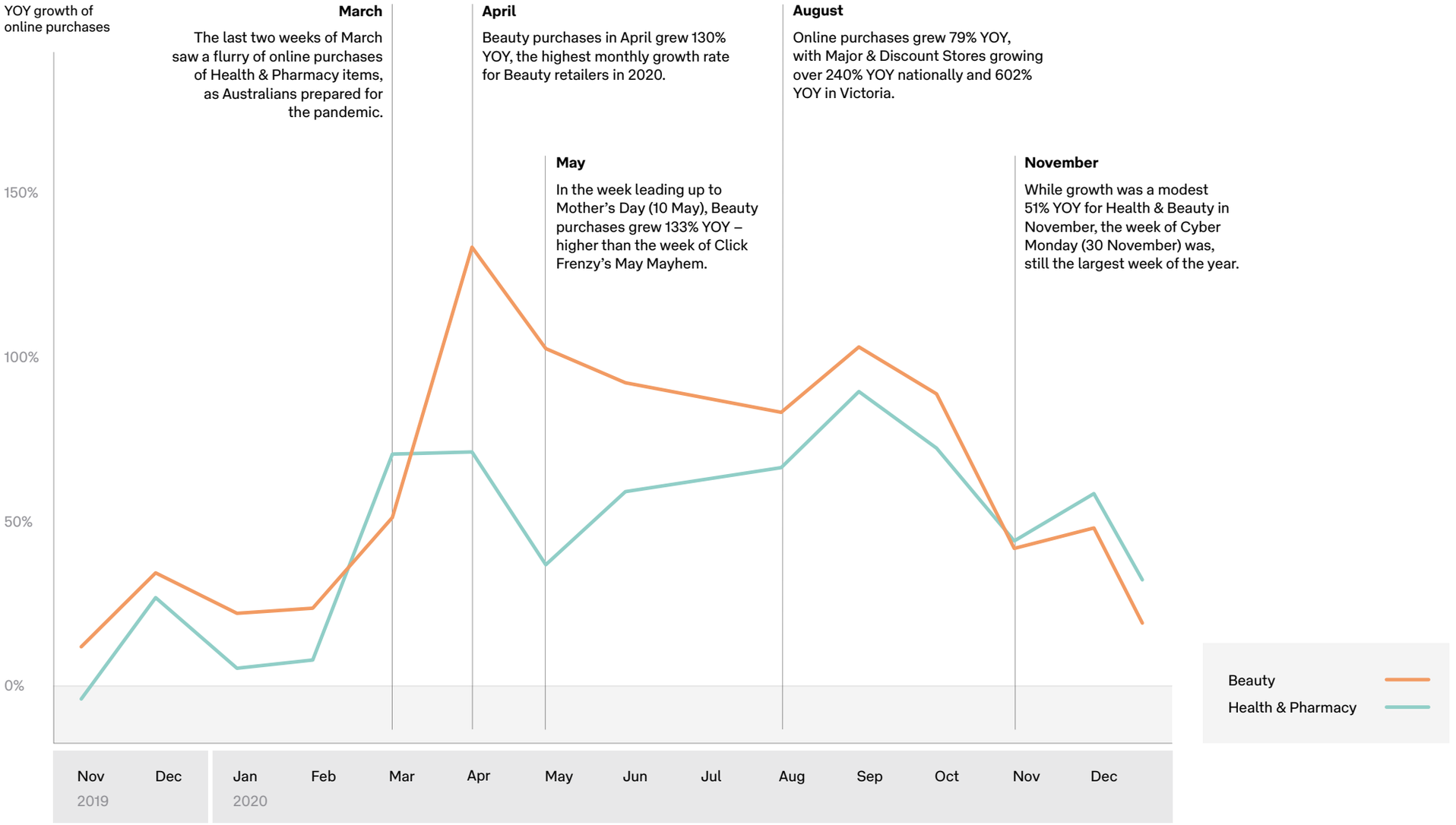
Health & Beauty 2020
eCommerce YOY growth



March

The last two weeks of March saw a flurry of online purchases of Health & Pharmacy items, as Australians prepared for the pandemic.

April

Beauty purchases in April grew 130% YOY, the highest monthly growth rate for Beauty retailers in 2020.

May

In the week leading up to Mother's Day (10 May), Beauty purchases grew 133% YOY – higher than the week of Click Frenzy's May Mayhem.

August

Online purchases grew 79% YOY, with Major & Discount Stores growing over 240% YOY nationally and 602% YOY in Victoria.

November

While growth was a modest 51% YOY for Health & Beauty in November, the week of Cyber Monday (30 November) was, still the largest week of the year.

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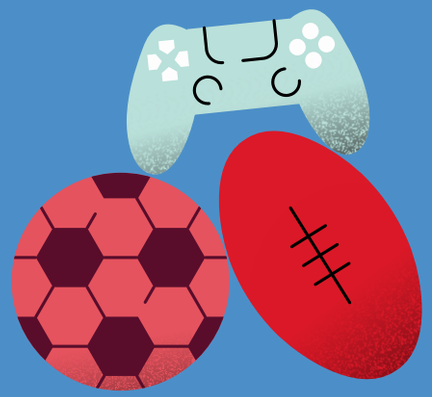
Hobbies & Recreational Goods

Although Hobbies & Recreational Goods came 5th in terms of online purchase share, the category certainly experienced noteworthy growth during the two main periods of restrictions in April and August.

Category YOY growth

53.6%



With limited social activities in 2020, many Australians revisited long-lost hobbies or turned to recreational activities to alleviate stress or boredom.

Brydie Stewart, founder of Mary Maker Studio, shares how renewed interest in home crafting helped her business grow a larger community online.

Brydie Stewart
Founder
Mary Maker

Mary Maker Studio sells stunning raw materials to crafters around the world – including luxe cotton cords, recycled silk and merino yarns – and I offer hands-on workshops in my studio on the NSW South Coast.

My online community has been steadily growing for some time, but things really took off in 2020. I think COVID-19 gave people space to do something for themselves. They came to me saying, 'I did macramé or weaving 20 years ago, and I'm picking it back up now that I have time'.

I am part of a beautiful, creative community, and a big part of my site is user-generated content. So, when I had to temporarily stop my workshops, I focused on sharing more patterns and video tutorials online. We saw a five or six-fold increase in pattern downloads during the first lockdown and our stock of luxe fibre yarns sold out in the first 12 days of restrictions.

Before the pandemic, I usually received a 40-foot container of yarn stock every three months. But in the first 12 days of COVID-19 restrictions in March 2020, my stock sold out.

Through this busy time, Australia Post really supported me to grow with confidence, with daily or twice-daily pick-ups from my Kiama-based warehouse. We also doubled the number of orders we could dispatch in a day by syncing our system with eParcel.

> **To meet the growing demand, I invested in a new 250sqm warehouse and expanded my team.**

The crafting craze has stayed, and it's evolved: people are now more aware of the materials they want to use. I've seen a growing interest in more conscious yarn choices, and my first container of fully-recycled luxe cotton is about to arrive.

For me, growth is not just about the revenue. My focus is on building a community, building their skills, confidence and success. Ultimately, my vision is to help everyone explore themselves creatively. I'm so happy when I see someone selling their own artwork using my patterns and yarns, because I know what that feels like; I've been that person.

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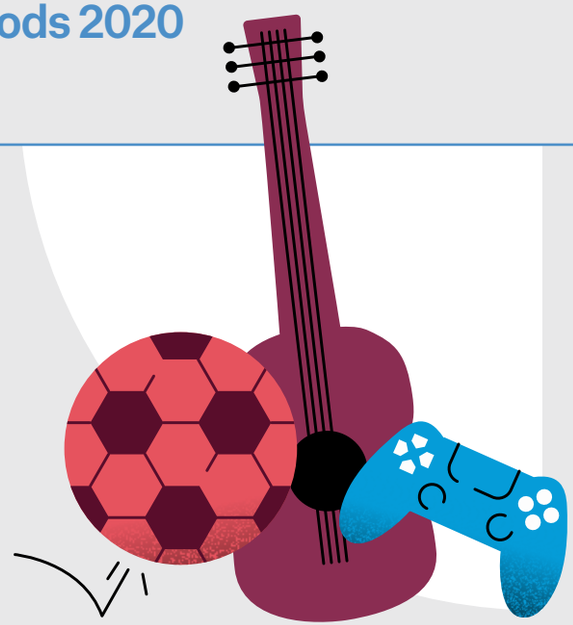
Hobbies & Recreational Goods 2020
eCommerce snapshot

4 mil

households purchased from Hobbies & Recreational Goods retailers in 2020



- Hobbies & Recreational Goods retailers **7.5%**
- Variety Stores **6.4%**

Top 5 online shopping locations by purchase volume

	YOY growth
Point Cook, VIC 3030	**114.6%**
Cranbourne, VIC 3977	**114.1%**
Toowoomba, QLD 4350	**42.1%**
Hoppers Crossing, VIC 3029	**103.9%**
Bundaberg, QLD 4670	**46.7%**

State YOY growth

Victoria	**84.6%**
New South Wales	**48.2%**
Tasmania	**45.0%**
Australian Capital Territory	**43.6%**
Queensland	**42.6%**
South Australia	**41.3%**
Western Australia	**34.7%**
Northern Territory	**29.5%**

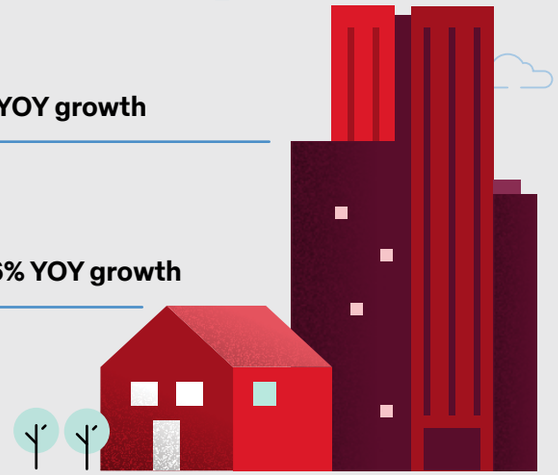
National YOY growth

53.6%

vs 57% YOY across all categories

Metro areas **60.6% YOY growth**

Regional areas **42.6% YOY growth**



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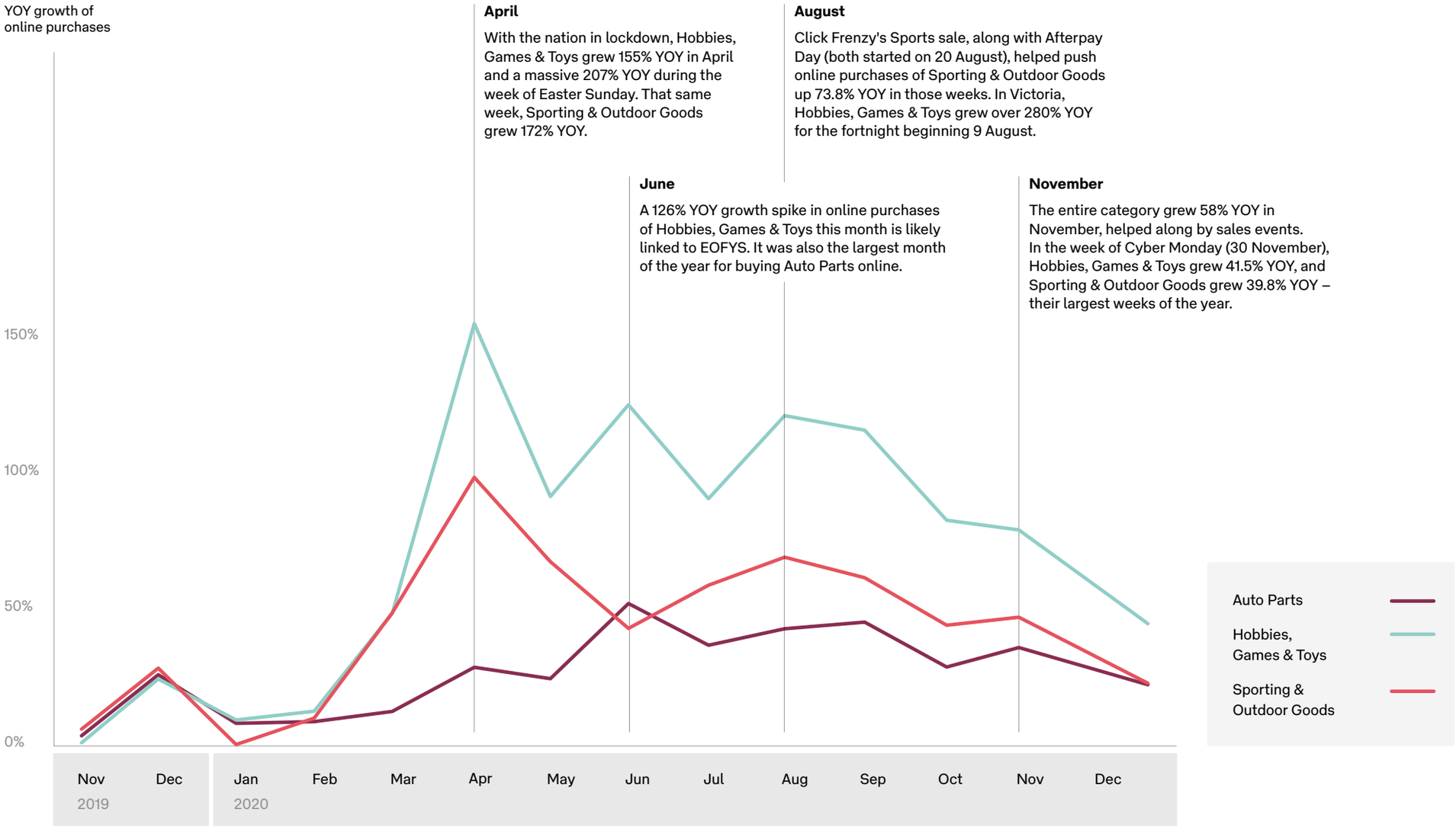
eCommerce YOY growth



April

With the nation in lockdown, Hobbies, Games & Toys grew 155% YOY in April and a massive 207% YOY during the week of Easter Sunday. That same week, Sporting & Outdoor Goods grew 172% YOY.

August

Click Frenzy's Sports sale, along with Afterpay Day (both started on 20 August), helped push online purchases of Sporting & Outdoor Goods up 73.8% YOY in those weeks. In Victoria, Hobbies, Games & Toys grew over 280% YOY for the fortnight beginning 9 August.

June

A 126% YOY growth spike in online purchases of Hobbies, Games & Toys this month is likely linked to EOFYS. It was also the largest month of the year for buying Auto Parts online.

November

The entire category grew 58% YOY in November, helped along by sales events. In the week of Cyber Monday (30 November), Hobbies, Games & Toys grew 41.5% YOY, and Sporting & Outdoor Goods grew 39.8% YOY – their largest weeks of the year.

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Specialty Food & Liquor

Specialty Food & Liquor retailers accounted for 5.9% of all online purchases, the smallest share by specialty retailers. However, the category experienced the highest growth in 2020.

Category YOY growth

77%

With more Aussies working from home in 2020, many stocked up on specialty coffees and teas for home brewing.

Lesley Pine explains how their wholesale business shifted focus to online consumer sales to stay afloat in tough times.

Lesley Pine
Co-Founder
Pine Tea & Coffee

My brother, Clayton, and I started Pine Tea & Coffee 20 years ago, and we now sell more than 250 varieties of loose-leaf tea and roast Bella Italia coffee, wholesale to the hospitality sector.

Our website was never much of a focus for our business, but when COVID restrictions came in we had to rethink our business model. Many of our regular hospitality customers were forced to close or restrict service and in April, our sales really crashed. We were down about 60% that month, and it was a huge weight on my shoulders. I went a bit greyer to be honest!

But I was not prepared to let this crisis undo decades of hard work. Our small team quickly got to work, preparing to sell direct to the public. We updated our online store and social media profiles, opened our factory outlet to the public, added gourmet food brands to our range in support of other local businesses, and partnered with Australia Post to make sending parcels easy.

As many as 60% of our online customers were new to us last year, and it's great to be seeing repeat orders.

There was a lot of interest in pour overs, cold brew filters and AeroPress coffee makers, and a significant increase in demand for our loose-leaf teas. We supply retailers and specialty tea stores who repackage our teas with their brands, and their online sales started booming too, which was great.

Initially, we had someone dropping into our local Post Office with our satchels. When there became too many to physically carry our local Australia Post business centre set us up with a MyPost Business Account and regular warehouse pick-ups.

Thankfully, our wholesale business has picked up again, and now our direct to consumer sales account for as much as 30% of our sales. We've come out of this crisis stronger, and with the drive to continue growing our own brand.

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Specialty Food & Liquor 2020
eCommerce snapshot

2.5+ mil

households purchased from Specialty Food & Liquor retailers

Specialty Food & Liquor **5.9%**

5.9%
share of all online purchases

Top 5 online shopping locations by purchase volume

	YOY growth
Point Cook, VIC 3030	**193.8%**
Mosman, NSW 2088	**82%**
Richmond, VIC 3121	**162.8%**
Gosford, NSW 2250	**82.1%**
Ballarat, VIC 3350	**115.1%**

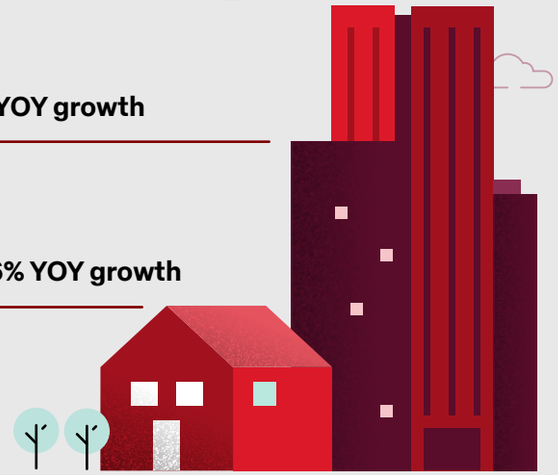
State YOY growth

Victoria	**110.8%**
New South Wales	**75.0%**
Australian Capital Territory	**69.5%**
Queensland	**67.5%**
South Australia	**62.2%**
Western Australia	**50.8%**
Tasmania	**39.1%**
Northern Territory	**31.2%**

National YOY growth
77%
vs 57% YOY across all categories

Metro areas **82.9% YOY growth**

Regional areas **62.6% YOY growth**



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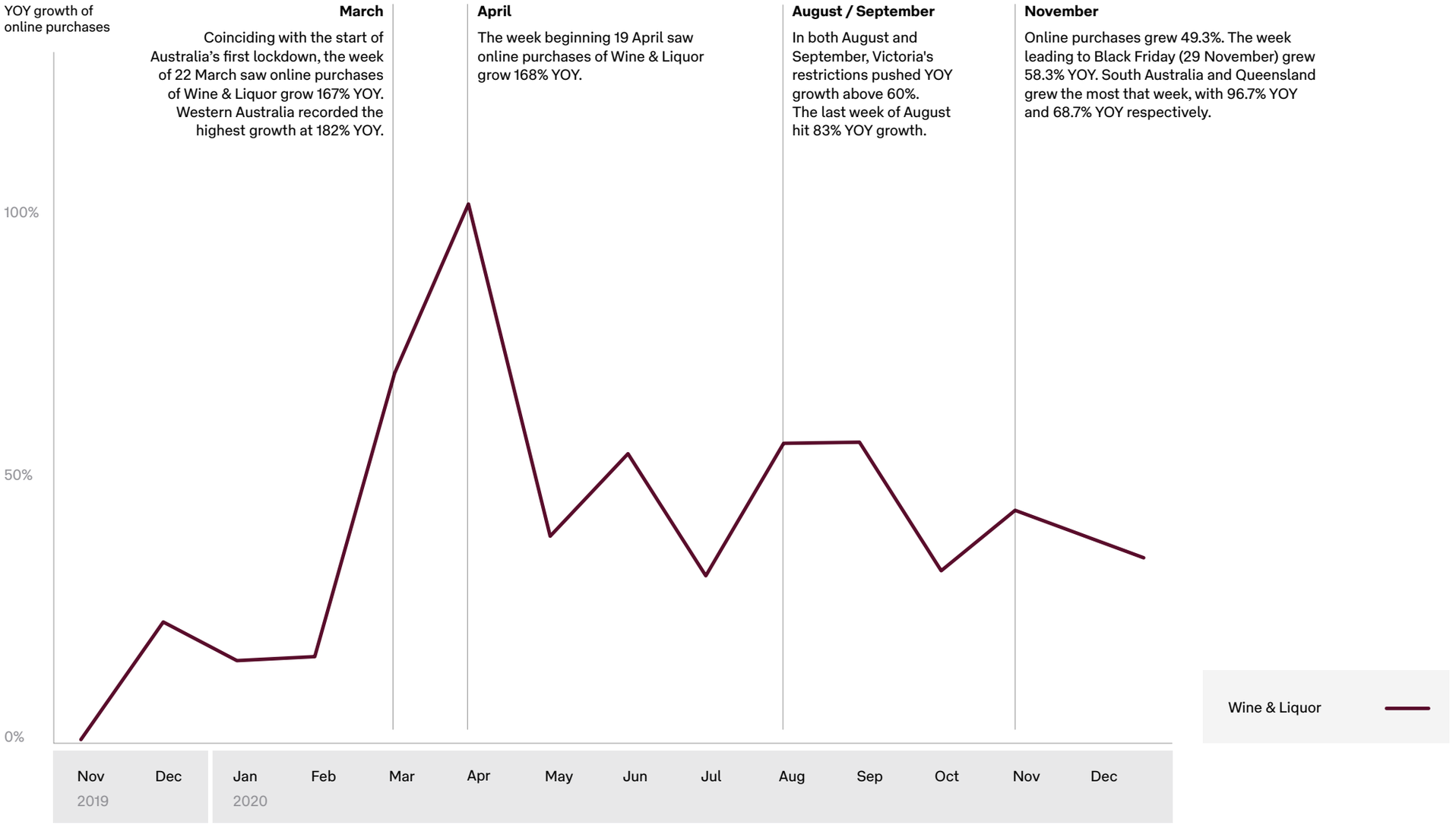
eCommerce YOY growth



March

Coinciding with the start of Australia's first lockdown, the week of 22 March saw online purchases of Wine & Liquor grow 167% YOY. Western Australia recorded the highest growth at 182% YOY.

April

The week beginning 19 April saw online purchases of Wine & Liquor grow 168% YOY.

August / September

In both August and September, Victoria's restrictions pushed YOY growth above 60%. The last week of August hit 83% YOY growth.

November

Online purchases grew 49.3%. The week leading to Black Friday (29 November) grew 58.3% YOY. South Australia and Queensland grew the most that week, with 96.7% YOY and 68.7% YOY respectively.

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New eCommerce priorities

As shared by the retailers featured in this report, the phenomenal rise of the eCommerce consumer has challenged them with meeting ever evolving customer experience requirements.

Beyond focusing on stock levels and making sure there's enough of what customers want on the shelves, retailers are now looking to:

- **Provide a more personalised and seamless experience across multiple channels**
- **Meet evolving customer expectations**
- **Provide a clear and uncomplicated checkout and returns process**
- **Get purchases to shoppers where and how they want them and as quickly as possible**

With so many customers now shopping online and thus missing out on face-to-face interactions with staff, retailers need to consider and own the end-to-end purchase journey.

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Ethan Orsini, General Manager Omni Fulfilment at Super Retail Group, shares how the pandemic-driven surge in online shopping accentuated the need to own the full end-to-end customer experience.

Super Retail Group is the proud owner of four iconic brands: Supercheap Auto, rebel, BCF and Macpac, and is one of Australia and New Zealand's largest retailers. Our powerful brands have established, leading positions in growing high-involvement lifestyle categories of auto, sports and outdoor leisure. We provide our customers and highly engaged active loyalty club members with the option to experience our brands whenever and however they choose – whether that's through our network of stores or via our digital capabilities, which we continue to enhance. We run on one set of core values, and the underlying DNA of the business is that of one tribe.

As a group, we saw a strong demand for our products last year. When pandemic restrictions came in, we sold more gym equipment online in five weeks than we had in five years! With this growth in demand, our underlying net profit after tax rose 139% as reported in our FY21 half-year results. This included online sales growth of 87%. This increase in online volumes inevitably put pressure on our omni fulfilment and customer service operations.

During this time, we focused on listening to and proactively communicating to our customers. In particular, we leveraged social media and contacted a number of customers one-on-one about their order if it was late and what we were doing to do better.

We also made the decision to refund the freight charged and provide partial to full product refunds to a number of customers who experienced delayed deliveries during the April & May COVID period.

We also appreciated that Australia Post increased their communication to customers during COVID. They implemented messages that told customers when a parcel had been collected, and gave them an estimated tracking time, which definitely helped alleviate some customer anxiety. Having that clear openness is very important, because things aren't always going to go right.

For the most part, we kept our stores trading to the public and fulfilling online orders. Usually, we'd have our warehouses and a couple of select sites processing most of the volume. However, as stock was in such demand, we leveraged the entire store network to fulfil deliveries. And we've been working with Australia Post to make sure we're aligned, so we don't fulfil from say, Sydney, when it would be quicker from Brisbane. We're working together on the network plan that will lead to a more customer centric and efficient outcome.

We had our best sales results ever last year, including strong growth during November's Black Friday event. Black Friday online sales exceeded the busy COVID times during April and May. I believe this reflects customers being more comfortable buying online, and reflects Black Friday getting bigger and bigger every year.

Christmas saw another surge in demand. We knew people would have heightened emotions, because their orders involved gifts. We personally contacted every customer who ordered before the Christmas cut-off date but did not receive their parcel until after Christmas.

Christmas saw another surge in demand.

We refunded any freight charged on these deliveries and we emailed these customers a complimentary gift card, so they still had a gift to share on Christmas Day.

Previously, there was a temptation to think that, once an order was picked, packed and with the courier, our job was done. Now we recognise that we have to own the full end-to-end experience. Customers expect us to be accountable and fix any problems that arise with their order. They want to know they're not just a number to us.

Following the pandemic, we continue to see customers having greater comfort with home delivery, and an increase in overall online demand. I'm proud of how our team came together during the COVID period and for the progress we have made in a short period of time. We are continuing to evolve our omni fulfilment capability and the focus on customer experience, safety and efficiency.

Ethan Orsini

General Manager, Omni Fulfilment

Super Retail Group

rebel · Supercheap Auto · BCF · macpac

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Preferred delivery points

With Aussies spending more time at home in 2020, there was a significant increase in home deliveries – growing to 87.7% of all deliveries, up from 82% in 2019.

Not surprisingly, both workplace and alternative collection points fell. CBD collections also declined as suburban collections increased.

Parcel lockers experienced the biggest shift. CBD locker share went from 14% in 2019 to 8.5% in 2020. With limited access to CBD facilities in April, the share of parcel locker deliveries to CBD areas was only 6.8% – the lowest of the year.

Along with the geographical shift from CBDs to suburbs, there was also a shift in the types of collection points used. Alternative collection points grew 25.3% YOY in 2020 – yet this growth comes as no surprise given the marked increase in the number of online purchases throughout the year.

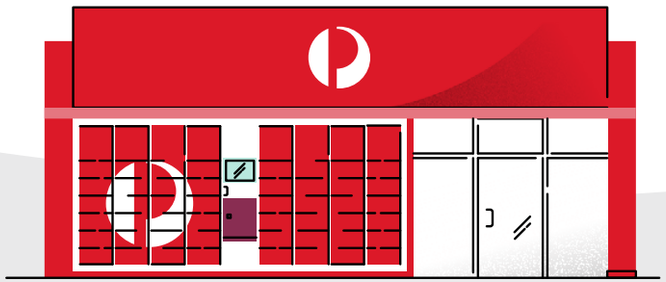
Remote and hybrid work models appear likely to stick around.

A global survey found that 52% of companies expect their workforces to increasingly work from home in 2021.[23]

As such, it's expected that alternative collection points and delivery options for eCommerce will continue to trend. That said, we are already seeing geographical shifts back to CBD collection points as the COVID-19 situation stabilises in Australia.

Parcel lockers YOY growth

12.4%



PO Boxes YOY growth

28.3%

Other collection points YOY growth

26.7%

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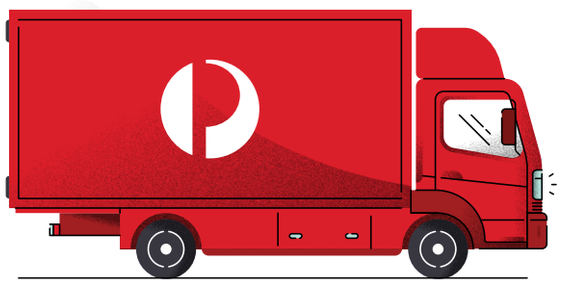
New Delivery Experience report

Australia Post is launching a new Delivery Experience report in May 2021. It will reveal data driven recommendations to help retailers get the delivery experience right and understand why it matters.

Register now to receive your copy at **auspost.com.au/einsights**



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Methodology

The main sections of this report are based on the analysis of 2019 and 2020 parcels data recorded by the Australia Post Group, unless otherwise stated. Commentary in this report relating to online shopping is based on an extrapolation of this data.

Households are defined as residential or mixed use Australia Post delivery points. New online shoppers are defined as residential households that did not receive an eCommerce parcel in the past 12 months. While regular shoppers are residential households that received an eCommerce parcel in 2019 and 2020.

The data and insights are reported at postcode, state and territory, major city, inner regional, outer regional, remote and very remote Australia levels. For ease of reference, postcodes are substituted with suburb or locality names where appropriate. In instances where more than one suburb shares a postcode, one location name is referenced.

The top online shopping locations excludes central business district (CBD) locations and postcodes with low household counts.

Helix Personas by Roy Morgan is a classification system for each type of Australian consumer and the communities of which they are a part. It provides a view of Australians that reaches beyond geo-demographic modelling to incorporate attitudes, values and behavioural aspects and provide psychographic modelling on a grand scale.

Helix Personas divides the Australian population into 54 individual segments – Personas – that are then grouped into 6 Helix Communities using a combination of data and existing segmentation models from Roy Morgan Single Source, the ABS Census and third-party data.

The CBD parcel collection statistics is defined by deliveries into postcodes 2000, 3000, 4000, 5000, 6000, 7000, 0800 and 2601.

Specialty retailers are segmented into product categories: Fashion & Apparel, Variety Stores, Health & Beauty, Home & Garden, Hobbies & Recreational Goods, Media, and Specialty Food & Liquor.

The report also draws on: modelled estimates from Australia Post consumer surveys, statistics from the Australian Bureau of Statistics (ABS), online retail environment data from Quantium, and publicly available information.

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We are making it easier for you to connect with your customers, and find new ones both here and overseas. Through our suite of eCommerce driven logistics, supply chain and parcel delivery solutions, we can help you to provide seamless online shopping experiences, from checkout to delivery.

This report is provided for general information purposes only and is not intended to be specific advice for your business.

Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as employees, and recognises their continuing connection to land, water and community. **We pay respect to Elders past, present and emerging.**

To access past reports and monthly eCommerce market updates, go to

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